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U.S. DEPARTMENT OF AGRICULTURE

1996 BUDGET EXPLANATORY NOTES FOR COMMITTEE ON APPROPRIATIONS VOLUME 1

ADMINISTRATION

Office of the Secretary
Departmental Administration
Office of the Chief Financial Officer
Office of the General Counsel
Office of the Inspector General
Office of Communications
Executive Operations

RESEARCH, EDUCATION, AND ECONOMICS

Agricultural Research Service
Cooperative State Research, Education
and Extension Service
Economic Research Service
National Agricultural Statistics Service

FOOD SAFETY

Food Safety and Inspection Service

MARKETING AND REGULATORY PROGRAMS

Animal and Plant Health Inspection
Service
Agricultural Marketing Service
Grain Inspection, Packers and
Stockyards Administration

NATURAL RESOURCES AND ENVIRONMENT

Natural Resources Conservation
Service

PREFACE

On October 13, 1994, the President signed into law the Department of Agriculture Reorganization Act of 1994, P.L. 103-354. The 1996 Explanatory Notes are prepared on this basis. The 1994 and 1995 estimates in the Explanatory Notes have been adjusted to be on a comparable basis with the 1996 estimates.

Project Statements

The obligations shown in the Project Statements are based on the appropriations and activities proposed in the 1996 budget estimates. In some Project Statements the activities are further divided into subcategories, reflecting a more detailed description of the work conducted under the appropriation items.

In those accounts where prior year balances are also available for obligation during the year, such amounts are shown in a separate Project Statement.

The amounts shown in Project Statements for the past year are taken directly from the accounting records to the maximum extent possible. Where the Department has adjusted obligations after Treasury has closed the books for the year, we have shown our most current estimate. These adjustments will be picked up by Treasury in subsequent reports.

Statement of Available Funds and Staff-Years

A statement is included for each agency, immediately following the introductory purpose statement, to reflect all sources of funds available to the agency and to show the staff-years related to each source of funds.

These statements reflect the best available information at the time these Explanatory Notes were prepared February 1995. However, it is not possible in many instances to determine in advance the extent to which agencies may be requested to perform additional services for other Federal and non-Federal agencies or organizations. Therefore, amounts of actual reimbursements and other funds received from sources other than appropriations directly to the agency may vary from those shown in the statements.

In those cases where the funds are not appropriated (reimbursements, trust funds, transfers, revolving funds, etc.), the dollar amounts shown represent actual or estimated Obligations for the year.

In some instances there may be duplication of amounts shown. This results largely from cases involving reimbursements between different agencies within the Department and where amounts are paid from appropriations to the Working Capital Fund. There is no duplication of the staff-years shown.

Classification by Objects

A statement is included for each agency showing total obligations by Object Classification for the agency. Obligations for personnel compensation are also broken between headquarters and field.

Loan Levels

Knowledge of the following basic budget terminology will assist the reader in understanding the budget proposals.

"Direct" loans involve the Federal government disbursing the money to the borrower and receiving the money back from the borrower in regular installments in future years. The Federal agency having responsibility for administering the credit program must counsel prospective borrowers on eligibility criteria and application procedures, evaluate applicant's eligibility and ability to repay, perform the administrative procedures to process the application, make and record the loan payment, receive and record the receipts for repayment, calculate the interest and remaining balance status, monitor the regularity of payments, follow up on delinquent status, and, where necessary, institute legal action to eliminate or minimize the loss to the Federal government in the event of the borrower's default on the loan.

For international trade "Credit Sales", the same basic process is involved except that the disbursement of the cash loan is replaced by the disbursement of cash to purchase and ship the commodities being exported to the foreign country involved.

Loan "Guarantees" involves the Federal government actually guaranteeing a private lending institution that a stipulated portion of a borrower's loan will be repaid. The Federal government does not disburse or receive funds involved in the loan and repayment between the lending institution and the borrower. If the borrower defaults on the loan, the Federal government would have to disburse to the lending institution the portion of the borrower's unpaid balance representing the amount of the Federal guarantee. The Federal agency having responsibility for administering the credit program must counsel prospective borrowers on eligibility criteria and application procedures, evaluate applicant's eligibility and ability to pay, counsel and assist the borrower in arranging the loan with the lending institution, perform administrative procedures necessary to record the loan guarantee transaction, maintain liaison with the lending institutions to keep informed of the status of loan repayments, follow up on seriously delinquent status, and, where necessary, institute legal action to eliminate or minimize the loss of the Federal government in the event of the borrower's default on the loan. The Rural Utilities Service (RUS), however, guarantees loans made by the Federal Financing Bank. Because RUS is guaranteeing loans made by another Federal agency, the transaction more closely resembles a direct loan.

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OFFICE OF THE SECRETARY

EXPLANATORY STATEMENT

The general authority of the Secretary to supervise and control the work of the Department is contained in the Organic Act (7 U.S.C. 2201-2202). The delegation of regulatory functions to the Department employees and authorization of appropriations to carry out these functions are contained in 7 U.S.C. 450c-450g. The authority of the Secretary to streamline and reorganize the Department is contained in the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994, Public Law No. 103-354.

The Secretary of Agriculture, assisted by the Deputy Secretary, Under Secretaries and Assistant Secretaries, and members of their immediate staffs, directs and coordinates the work of the Department.

This involves providing policy direction for all areas of the Department's responsibilities including research; educational and regulatory activities; nutrition, conservation and farm programs; and forestry and international agriculture. It also involves maintaining relationships with organizations and others in the development of programs, and maintaining liaison with the Executive Office of the President and members of Congress on all matters pertaining to Departmental policy.

The Office of the Secretary also oversees special projects that are conducted at the behest of the Congress. These projects include short-term studies, investigations, and research on matters affecting agriculture or the agricultural community. Usually, specific appropriations are provided to carry out these projects. Project results are reported to the appropriate Congressional committees.

The Board of Contract Appeals is a reimbursable activity in the Office of the Secretary. It is the authorized representative of the Secretary of Agriculture to make final administrative determinations for the Department of Agriculture appeals handled under the Secretary's regulations.

The Secretary's staffs financed from his appropriation are located in Washington, D. C. As of September 30, 1994, there were 85 employees. Of this total 83 were full-time permanent employees and 2 were other-than-full-time permanent employees.

The Office of the Secretary did not have any Office of the Inspector General or General Accounting Office evaluation reports during the past year.

OFFICE OF THE SECRETARY

Available Funds and Staff-Years1994 Actual and Estimated, 1995 and 1996

Item	1994 Actual		1995 Estimated		1996 Estimated	
	Amount	Staff- Years	Amount	Staff- Years	Amount	Staff- Years
Direct Appropriation:	\$8,796,000	72	\$8,620,000	83	\$ 9,485,000	87
<u>Obligations Under Other USDA Appropriations:</u>						
Food Safety.....	--	--	580,000	5	--	--
Board of Contract Appeals.....	1,170,000	9	1,273,000	10	1,294,000	10
Total, Other USDA Appropriations.....	1,170,000	9	1,853,000	15	1,294,000	10
Total, Agriculture Appropriations.....	\$9,966,000	81	\$10,473,000	98	\$10,779,000	97
Total, Office of the Secretary	\$9,966,000	81	\$10,473,000	98	\$10,779,000	97

OFFICE OF THE SECRETARY

Permanent Positions by Grade and Staff-Year Summary1994 and Estimated 1995 and 1996

Grade	1994	1995	1996
	Washington, DC	Washington, DC	Washington, DC
Executive Level I.....	1	1	1
Executive Level II.....	1	1	1
Executive Level III....	2	6	6
Executive Level IV...	6	3	3
ES-6.....	2	7	8
ES-5.....	1	5	5
ES-4.....	7	1	1
ES-3.....	1	3	6
ES-2.....	3	4	0
ES-1.....	3	1	0
CA-1.....	1	1	1
CA-2.....	1	1	1
CA-3.....	2	3	3
GS-15.....	15	15	17
GS-14.....	13	5	3
GS-13.....	8	6	6
GS-12.....	7	5	4
GS-11.....	6	11	10
GS-10.....	6	11	10
GS-9.....	2	4	5
GS-8.....	3	1	4
GS-7.....	2	2	1
Ungraded Positions...	1	1	1
Total, Permanent Positions.....	94	98	97
Unfilled Positions end-of-year.....	-21	--	--
Total, Permanent Employment, end-of-year.....	73	98	97
Staff-Year Ceiling.....	81	98	97

OFFICE OF THE SECRETARY
CLASSIFICATION BY OBJECTS
1994 Actual and Estimated, 1995 and 1996

	<u>1994</u>	<u>1995</u>	<u>1996</u>
Personnel Compensation:			
Washington, D.C.....	<u>\$ 5,330,090</u>	<u>\$5,872,000</u>	<u>\$ 6,468,000</u>
11 Total personnel compensation.....	\$ 5,330,090	\$5,872,000	\$ 6,468,000
12 Personnel benefits.....	1,091,596	1,378,000	1,516,000
13 Benefits for former personnel	<u>196,890</u>	<u>15,000</u>	<u>26,000</u>
Total personnel compensation & benefits....	<u>6,618,576</u>	<u>7,265,000</u>	<u>8,010,000</u>
Other Objects:			
21 Travel.....	340,465	232,000	256,000
22 Transportation of things.....	22,542	1,000	1,000
23.3 Communications, utilities, and misc. charges.....	409,392	397,000	428,000
24 Printing and reproduction.....	217,546	184,000	195,000
25.2 Other services.....	675,202	375,000	406,000
26 Supplies and materials.....	147,291	152,000	175,000
31 Equipment.....	<u>170,560</u>	<u>14,000</u>	<u>14,000</u>
Total other objects.....	<u>1,982,998</u>	<u>1,355,000</u>	<u>1,475,000</u>
Total direct obligations.....	<u>8,601,574</u>	<u>8,620,000</u>	<u>9,485,000</u>
<u>Position Data:</u>			
Average Salary, ES positions.....	\$107,792	\$111,964	\$113,939
Average Salary, GS positions.....	\$47,586	\$49,703	\$51,942
Average Grade, GS positions.....	11.93	11.98	11.90

OFFICE OF THE SECRETARY

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Office of the Secretary
(Including Transfers of Funds)

For necessary expenses of the Office of the Secretary of Agriculture, and not to exceed \$75,000 for employment under 5 U.S.C. 3109, [\$2,801,000]\$9,485,000: Provided, That not to exceed \$11,000 of this amount[, along with any unobligated balances of representation funds in the Foreign Agricultural Service] shall be available for official reception and representation expenses, not otherwise provided for, as determined by the Secretary: Provided further, That the Secretary may transfer salaries and expenses funds in this Act sufficient to finance a total of not to exceed 35 staff years between agencies of the Department of Agriculture to meet workload requirements.

[Chief Financial Officer]

[For necessary expenses of the Chief Financial Officer to carry out the mandates of the Chief Financial Officers Act of 1990, \$580,000.]

[Office of the Assistant Secretary for Administration]

[For necessary expenses of the Office of the Assistant Secretary for Administration to carry out the programs funded in this Act, \$596,000.]

[Office of the Assistant Secretary for Congressional Relations]

[For necessary expenses of the Office of the Assistant Secretary for Congressional Relations to carry out the programs funded in this Act, including programs involving intergovernmental affairs and liaison within the executive branch, \$1,764,000.]

[Office of the Assistant Secretary for Economics]

[For necessary expenses for the Office of the Assistant Secretary for Economics to carry out the programs funded in this Act, \$540,000.]

[Office of the Assistant Secretary for Science and Education]

[For necessary salaries and expenses of the Office of the Assistant Secretary for Science and Education to administer the laws enacted by the Congress for the Agricultural Research Service, Cooperative State Research Service, Extension Service, and National Agricultural Library, \$520,000.]

[Office of the Assistant Secretary for Marketing and Inspection Services]

[For necessary salaries and expenses of the Office of the Assistant Secretary for Marketing and Inspection Services to administer programs under the laws enacted by the Congress for the Animal and Plant Health Inspection Service, Food Safety and Inspection Service, Federal Grain Inspection Service, Agricultural Marketing Service, and Packers and Stockyards Administration, \$605,000.]

[Office of the Under Secretary for International Affairs and Commodity Programs]

[For necessary salaries and expenses of the Office of the Under Secretary for International Affairs and Commodity Programs to administer the laws enacted by Congress for the Agricultural Stabilization and Conservation Service, Foreign Agricultural Service, and the Commodity Credit Corporation, \$549,000.]

[Office of the Assistant Secretary for Natural Resources and Environment]

[For necessary salaries and expenses of the Office of the Assistant Secretary for Natural Resources and Environment to administer the laws enacted by the Congress for the Forest Service and the Soil Conservation Service, \$677,000.]

[Office of the Under Secretary for Small Community and Rural Development]

[For necessary salaries and expenses of the Office of the Under Secretary for Small Community and Rural Development to administer programs under the laws enacted by the Congress for the Farmers Home Administration, Rural Electrification Administration, Federal Crop Insurance Corporation, and rural development activities of the Department of Agriculture, \$568,000.]

[Office of the Assistant Secretary for Food and Consumer Services]

[For necessary salaries and expenses of the Office of the Assistant Secretary for Food and Consumer Services to administer the laws enacted by the Congress for the Food and Nutrition Service, \$540,000.]

This change merges amounts appropriated to the Under and Assistant Secretaries with amounts appropriated to the Secretary of Agriculture for the operation of the office within the Office of the Secretary to establish a single appropriation for that office.

The fiscal year 1996 budget proposes to reestablish a single appropriation for these activities. The Secretary's Memorandum No. 1010-1, dated October 20, 1994, reorganized the U. S. Department of Agriculture, which streamlines the Department and allows for the delivery of programs and services to the public in the most efficient and cost-effective manner possible. The merging of these accounts will allow the Secretary even greater discretion in effectively carrying out the responsibilities of the Department and implementing national agricultural policies enacted by the Congress. The establishment of multiple appropriations limits the Secretary's ability to establish priorities and shift resources necessary to meet the challenging conditions of America's agriculture.

OFFICE OF THE SECRETARY

Appropriations Act, 1995.....	\$ 9,740,000
Budget Estimate, 1996.....	<u>9,485,000</u>
Decrease in Appropriation.....	<u>-255,000</u>

Adjustments in 1995:

Appropriations Act, 1995.....	\$9,740,000	
Functions for the Assistant Secretary for Economics transferred to Chief Economist <u>a/</u>	-540,000	
Functions for the Chief Financial Officer transferred to the Office of the Chief Financial Officer <u>b/</u>	<u>-580,000</u>	
Adjusted base for 1995.....		8,620,000
Budget Estimate, 1996.....		<u>9,485,000</u>
Increase over adjusted 1995.....		<u>+865,000</u>

a/ Pursuant to Secretary's Memorandum No. 1010-1, dated October 20, 1994, the Assistant Secretary for Economics' functions were transferred from this account to the Chief Economist. On a comparable basis, the full annual cost of the activity is \$540,000 for 1995 and \$554,000 for 1996.

b/ Pursuant to the authority given to the Secretary in Reorganization Plan No. 2 of 1953, the Chief Financial Officer's functions were transferred to the Office of the Chief Financial Officer. On a comparable basis, the full annual estimate of the activity is \$580,000 for 1995 and \$596,000 for 1996.

SUMMARY OF INCREASES AND DECREASES
(on basis of adjusted appropriation)

<u>Item of Change</u>	<u>1995 Estimated</u>	<u>Program Change</u>	<u>Pay Cost</u>	<u>Other Changes</u>	<u>1996 Estimated</u>
Immediate Office of the Secretary.....	\$ 2,801,000	--	+\$42,000	+\$43,000	\$ 2,886,000
Assistant Secretary for Administration.....	596,000	--	+9,000	+11,000	616,000
Assistant Secretary for Congressional Relations...	1,764,000	--	+31,000	+43,000	1,838,000
Under Secretary for Research, Education, and Economics.....	520,000	--	+ 9,000	+ 6,000	535,000
Assistant Secretary for Marketing and Regulatory Prog.....	605,000	--	+12,000	+8,000	625,000
Under Secretary for Food Safety.....	--	+580,000	--	--	580,000
Under Secretary for Farm and Foreign Agricultural Svcs.....	549,000	--	+11,000	+10,000	570,000
Under Secretary for Natural Resources and Environment.....	677,000	--	+10,000	+9,000	696,000
Under Secretary for Rural Economics and Community Development	568,000	--	+11,000	+7,000	586,000
Under Secretary for Food, Nutrition, and Consumer Services.....	540,000	--	+ 8,000	+5,000	553,000
Total Available.....	8,620,000	+580,000	+143,000	+142,000	9,485,000

PROJECT STATEMENT
(On basis of adjusted appropriation)

	1994 Actual		1995 Estimated		Increase or Decrease	1996 Estimated	
	Amount	Staff- Years	Amount	Staff- Years		Amount	Staff- Years
1. Secretary	2,814,293	22	\$2,801,000	26	+\$ 85,000	\$2,886,000	25
2. Under/Asst Secretaries.....							
ADM.....	601,632	5	596,000	5	+20,000	616,000	5
CR.....	1,751,742	18	1,764,000	21	+74,000	1,838,000	21
REE.....	488,025	2	520,000	5	+15,000	535,000	5
MRP.....	598,067	5	605,000	5	+20,000	625,000	5
FSFT.....	--	--	--	--	+580,000	580,000	5
FFAS.....	552,927	5	549,000	5	+21,000	570,000	5
NRE.....	685,260	6	677,000	6	+19,000	696,000	6
RECD.....	567,217	4	568,000	5	+18,000	586,000	5
FNCS.....	542,411	5	540,000	5	+13,000	553,000	5
Unobligated Balance.....	194,426	--	--	--	--	--	--
Total available or estimate.....	8,796,000	72	8,620,000	83	+\$ 865,000(1)	\$9,485,000	87
Transferred from SCS to NRE.....	-116,000	-1	--	--			
Transferred from OC to CR.....	-475,000	-4	--	--			
Transferred to Chief Econ. from Econ.....	+551,000	+2	+540,000	+6			
Transferred to OCFO from CFO.....	+575,000	+5	+580,000	+5			
Transferred from agencies to CFO.....	-240,000	-3	--	--			
Total Appropriation...	9,091,000	71	9,740,000	94			

JUSTIFICATION OF INCREASES AND DECREASE

- (1) A net increase of \$865,000 consisting of:
- (a) An increase of \$143,000 including \$24,000 for annualization of the fiscal year 1995 pay raise and \$119,000 for the anticipated pay raise in fiscal year 1996.
 - (b) An increase of \$121,000 including \$31,000 for one extra day's pay in fiscal year 1996, and \$90,000 for within grade increases and other salary adjustments.
 - (c) An increase of \$51,000 which reflects a 3.0 percent increase in non-salary operating costs.
 - (d) An increase of \$580,000 to fund the Office of the Under Secretary for Food Safety.

Pursuant to Public Law 103-354, the Secretary's Memorandum No. 1010, dated October 20, 1994, established an Under Secretary for Food Safety. The Under Secretary supervises all activities of the Food Safety and Inspection Services, as well as functions under the Egg Products Inspection Act previously performed by the Agricultural Marketing Service, and the Salmonella enteritidis reduction program and pathogen reduction activities previously performed by the Animal and Plant Health Inspection Service.

In order to effectively and efficiently supervise these activities, the Under Secretary will need funding of \$580,000 to cover salaries, benefits, and other related costs for five staff years.

- (e) A decrease of \$30,000 for administrative efficiency. In support of the Secretary's streamlining effort and the President's Executive Order to reduce overhead-type costs, from the FY 1993 baseline, budget authority is reduced by \$30,000. In order to achieve these savings, OSEC will reduce discretionary expenses, such as training, printing and reproduction costs and telephone usage.

Office of the Secretary
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1994 and Estimated 1995 and 1996

	1994		1995		1996	
	<u>Amount</u>	<u>Staff-Years</u>	<u>Amount</u>	<u>Staff-Years</u>	<u>Amount</u>	<u>Staff-Years</u>
District of Columbia.....	\$8,601,574	73	\$8,620,000	83	\$9,485,000	87
Unobligated Balance.....	194,426	--	--	--	--	--
Total, Available or Estimate.	8,796,000	73	8,620,000	83	9,485,000	87

WORKING CAPITAL FUND

EXPLANATORY STATEMENT

The USDA Working Capital Fund (WCF) was established in legislation appropriating funds to the Department for FY 1944 and by 7 U.S.C. 2235. The WCF is used to finance services provided to USDA and non-USDA agencies on a centralized basis. The costs of providing services to all WCF clients are recovered on the basis of the level of service each client receives. Services to non-USDA agencies reduce the share of fixed costs for WCF-supported services as the number of agencies sharing those costs expands. Centrally managed operations provide efficient, economical services through economies of scale, extensive management attention, and high-level, regular fund control reviews. Users benefit from cost avoidances for administrative and support services.

The Office of the Chief Financial Officer (OCFO) performs duties of the WCF Controller, monitoring and supervising fund management activities. Seven USDA agencies -- OCFO, the Office of Operations (OO), the Office of Communications (OC), the Office of Information Resources Management (OIRM), the Office of the Executive Secretariat (OES), the Office of Personnel(OP), and OCFO -- and the Office of the Assistant Secretary for Administration manage activities supported by the Fund.

OCFO manages the National Finance Center (NFC), which provides financial and administrative management services to USDA agencies and more than 30 non-USDA entities (NFC will be managed by the new OCFO organization, once approved). Services provided by NFC fall into three broad categories: USDA Services, External Support (services to non-USDA/non-Thrift Savings Plan agencies), and Thrift Savings Plan (TSP) Support. Also under the OCFO is the Financial Information Systems Vision and Strategy (FISVIS) Project, which has as its goal the development, enhancement, and coordination of Departmental and agency financial systems.

OC manages 2 WCF activities -- Video and Teleconferencing Services (V/T), and Design Center. V/T provides video production services to USDA agencies, and studio and production facilities for teleconferences in which USDA agencies participate. Design Center provides USDA agencies with exhibit design and visitor center support services.

OIRM manages 6 activity centers. Under the National Computer Center (NCC) umbrella organization, there are three activity centers: NCC/Mainframe (NCC/MF), NCC/Network Management Services (NCC/NMS), and NCC/Applications Design (NCC/AD). NCC/MF provides mainframe computing services, ADP training, and other ADP services to USDA agencies and a small number of non-USDA entities. NCC/NMS manages telecommunications services on behalf of USDA agencies. NCC/AD supports systems and software development services to USDA agencies and non-USDA users. The Computer Services Unit provides ADP services to the Office of the Secretary and Departmental staff offices. The Telephone Services Operation is responsible for equipment and telephone system maintenance. Local Area Network operates and maintains the local area network system serving the Headquarters buildings complex.

OO provides personal property management, mail and reproduction management, and executive support services through 10 activity centers. Central Supply Stores and Central Supply Forms provide centralized supply and forms management, as well as warehousing and inventory services. Central Excess Property Operation provides Departmental agencies with excess and surplus property disposition services in addition to furniture rehabilitation services. Central Mail Unit, Copier Service, Duplicating Unit, and Automated Mailing List Service furnish USDA agencies with door-to-door mail pick up and delivery services, walk up and short order copier services, special order duplicating services, and updating and maintenance of the various Departmental mailing lists. Central Imprest Fund, Central Shipping and Receiving, and Agriculture

Contract Automation System, offer a variety of executive support services to USDA agencies. Among these include cash disbursement for small purchases and travel, receipt and shipment of parcels, and maintenance of a procurement language software system. OES provides correspondence management, tracking, and recordkeeping for the Department.

OP manages the USDA Training Center, which provides facilities and equipment for training services for USDA personnel in the Washington metropolitan area. The Office of the Assistant Secretary for Administration administers the Modernization of Administrative Processes (MAP) Program Office. The MAP program promotes continuous improvement in administrative processes throughout the Department through the development and implementation of modern administrative processes and systems in cooperation with the NFC.

Management of the WCF through the office of the Controller is accomplished in Washington, D.C. Of the 23 separate activities financed through the WCF, 16 are operated in Washington, D.C., 3 are operated in Landover, Maryland; 2 are operated in Fort Collins, Colorado, and 1 each in Kansas City, Missouri, and New Orleans, Louisiana. As of October 1, 1994, the WCF was operating with 2,063 FTEs. Of this number, 1,850 were located in field offices, and 213 were located in Washington, D.C. No fund-wide OIG or GAO reports were completed in FY 1994.

WORKING CAPITAL FUND

CLASSIFICATION BY OBJECTS1994 and Estimated 1995 and 1996

	<u>1994</u>	<u>1995</u>	<u>1996</u>
Personnel Compensation:			
Washington, D.C.	\$7,194,000	\$8,528,000	\$8,558,000
Field	<u>66,330,000</u>	<u>68,261,000</u>	<u>70,222,000</u>
11 Total personnel compensation	73,524,000	76,789,000	78,780,000
12 Personnel benefits	13,340,000	16,058,000	16,483,000
13 Benefits for former personnel	<u>43,000</u>	<u>119,000</u>	<u>121,000</u>
Total personnel compensation & benefits .	<u>86,907,000</u>	<u>92,966,000</u>	<u>95,384,000</u>
Other Objects:			
21 Travel	1,565,000	1,478,000	1,389,000
22 Transportation of things	1,159,000	1,161,000	1,138,000
23.2 Rental payments to others	4,240,000	3,973,000	4,061,000
23.3 Communications, utilities, and misc. charges	24,462,000	26,437,000	25,567,000
24 Printing and reproduction	1,127,000	1,400,000	1,333,000
25.1 Consulting Services	1,625,000	1,723,000	1,592,000
25.2 Other services	39,603,000	46,388,000	47,266,000
25.3 Purchases of goods and services from Government Accounts	8,379,000	8,775,000	8,609,000
26 Supplies and materials	5,506,000	6,926,000	6,659,000
31 Equipment	<u>22,704,000</u>	<u>30,505,000</u>	<u>21,172,000</u>
Total other objects	<u>110,370,000</u>	<u>128,766,000</u>	<u>118,786,000</u>
Total direct obligations	<u>197,277,000</u>	<u>221,732,000</u>	<u>214,170,000</u>
Position Data:			
Average Salary, ES positions	110,000	110,000	110,000
Average Salary, GS positions	28,847	29,712	30,604
Average Grade, GS positions	8.3	8.3	8.3

WORKING CAPITAL FUND

Program Level, 1995	\$194,192,000
Program Level, 1996	195,616,000
Increase in Estimate	<u>+1,424,000</u>

SUMMARY OF INCREASES AND DECREASES
(Program Activity)

<u>Item of Change</u>	<u>1995 Estimated</u>	<u>Program Changes</u>	<u>Pay Cost</u>	<u>.Other Changes</u>	<u>1996 Estimated</u>
1. Supply and Other					
Cent. Svcs.	\$20,682,000	+\$72,000	+\$0	+\$0	\$20,754,000
CS-Stores	2,378,000	+5,000	+0	+0	2,383,000
CS-Forms	4,278,000	+22,000	+0	+0	4,300,000
CEPO	1,830,000	+7,000	+0	+0	1,837,000
Cent. Ship./Rec.	406,000	+2,000	+0	+0	408,000
Imprest Fund	254,000	+1,000	+0	+0	255,000
AGCAS	253,000	+1,000	+0	+0	254,000
Cent. Mail	3,859,000	-3,000	+0	+0	3,856,000
Dupl. Svc.	1,319,000	+7,000	+0	+0	1,326,000
Copier Svc.	3,874,000	+25,000	+0	+0	3,899,000
DMLS	248,000	+3,000	+0	+0	251,000
OES	1,835,000	+2,000	+0	+0	1,837,000
Training Ctr.	148,000	+0	+0	+0	148,000
2. Video, Teleconf., &					
Visual Des. Svcs.	4,516,000	+0	+0	+0	4,516,000
Video & Tele.	1,796,000	+1,000	+0	+0	1,797,000
Design Ctr.	2,720,000	-1,000	+0	+0	2,719,000
3. Finance & Mgt. .	122,218,000	-647,000	+1,967,000	+0	123,538,000
NFC/USDA Svcs.	49,800,000	-414,000	+442,000	+0	49,828,000
NFC/Ext. Supp.	43,805,000	-738,000	+438,000	+0	43,505,000
NFC/TSP Supp.	23,415,000	+564,000	+1,075,000	+0	25,054,000
Fin. Info. Sys.	<u>1,314,000</u>	<u>+271,000</u>	<u>+0</u>	<u>+0</u>	<u>1,585,000</u>
Subt./CFO	118,334,000	-317,000	+1,955,000	+0	119,972,000
MAP	3,884,000	-330,000	+12,000	+0	3,566,000
4. ADP Svcs.	46,776,000	+32,000	+0	+0	46,808,000
NCC/Mainframe	31,211,000	+41,000	+0	+0	31,252,000
NCC/NMS	4,953,000	+106,000	+0	+0	5,059,000
NCC/Appl. Des.	5,115,000	+10,000	+0	+0	5,125,000
Comp. Svc. Unit	1,920,000	-139,000	+0	+0	1,781,000
Tel. Svc. Oper.	1,398,000	+6,000	+0	+0	1,404,000
Local Area Net.	2,179,000	+8,000	+0	+0	2,187,000
Total Rec. Oper. . . .	194,192,000	-543,000	+1,967,000	+0	195,616,000
Capital Equip. Acquis.	<u>27,540,000</u>	<u>-8,986,000</u>	<u>+0</u>	<u>+0</u>	<u>18,554,000</u>
Total	221,732,000	-9,529,000	+1,967,000	+0	214,170,000

PROJECT STATEMENT
(Program Activity)

	1994 Actual		1995 Estimated		Increase or Decrease	1996 Estimated	
	Amount	Staff- Years	Amount	Staff- Years		Amount	Staff- Years
1. Supp. & Other Cent. Svcs.	\$19,110,000	213	\$20,682,000	217	+72,000 (1)	\$20,754,000	211
CS-Stores	2,531,000	9	2,378,000	9	+5,000	2,383,000	9
CS-Forms	4,231,000	26	4,278,000	29	+22,000	4,300,000	28
CEPO	1,596,000	13	1,830,000	12	+7,000	1,837,000	12
CSR	396,000	1	406,000	1	+2,000	408,000	1
Imprest Fund	209,000	5	254,000	4	+1,000	255,000	4
AGCAS	187,000	2	253,000	2	+1,000	254,000	2
Cent. Mail	3,562,000	93	3,859,000	94	-3,000	3,856,000	91
Dupl. Svcs.	1,092,000	12	1,319,000	12	+7,000	1,326,000	12
Copier Svc.	3,386,000	29	3,874,000	27	+25,000	3,899,000	26
DMLS	198,000	2	248,000	3	+3,000	251,000	3
OES	1,520,000	19	1,835,000	21	+2,000	1,837,000	20
Training Ctr.	202,000	2	148,000	3	+0	148,000	3
2. Video, Tele., & Vis. Design Svcs	4,345,000	27	4,516,000	26	+0 (2)	4,516,000	26
Video & Tele.	1,665,000	12	1,796,000	13	+1,000	1,797,000	13
Design Ctr.	2,680,000	15	2,720,000	13	-1,000	2,719,000	13
3. Fin. & Mgt.	113,220,000	1,617	122,218,000	1,606	+1,320,000 (3)	123,538,000	1,583
NFC/USDA	47,954,000	786	49,800,000	776	+28,000	49,828,000	751
NFC/Ext.Sup.	42,055,000	577	43,805,000	564	-300,000	43,505,000	549
NFC/TSP	19,225,000	250	23,415,000	264	+1,639,000	25,054,000	281
Fin. Info. Sys.	<u>2,954,000</u>	<u>0</u>	<u>1,314,000</u>	<u>0</u>	<u>+271,000</u>	<u>1,585,000</u>	<u>0</u>
Sub./CFO	112,188,000	1,613	118,334,000	1,604	+1,638,000	119,972,000	1,581
MAP	1,032,000	4	3,884,000	2	-318,000	3,566,000	2
4. ADP Svcs.	41,342,000	207	46,776,000	214	+32,000 (4)	46,808,000	206
NCC/MF	30,048,000	126	31,211,000	127	+41,000	31,252,000	122
NCC/NMS	3,920,000	25	4,953,000	30	+106,000	5,059,000	29
NCC/AD	3,912,000	43	5,115,000	47	+10,000	5,125,000	45
Comp. Svcs.	1,161,000	11	1,920,000	8	-139,000	1,781,000	8
Tel. Svc. Oper	897,000	2	1,398,000	2	+6,000	1,404,000	2
LAN	1,404,000	0	2,179,000	0	+8,000	2,187,000	0
Total Recurring Operations	178,017,000	2,064	194,192,000	2,063	+1,424,000	195,616,000	2,026
Capital Equip.	19,260,000	0	27,540,000	0	-8,986,000 (5)	18,554,000	0
Total Avail. or Estimate	197,277,000	2,064	221,732,000	2,063	-7,562,000	214,170,000	2,026

PROJECT STATEMENT
(USDA Activity)

	1994 Actual		1995 Estimated		Increase or Decrease	1996 Estimated	
	Amount	Staff- Years	Amount	Staff- Years		Amount	Staff- Years
1. Supp. & Other Cent. Svcs.	\$16,741,000	196	\$18,451,000	200	+61,000	\$18,512,000	195
CS-Stores	2,474,000	9	2,323,000	9	+4,000	2,327,000	9
CS-Forms	2,204,000	12	2,420,000	15	+13,000	2,433,000	15
CEPO	1,370,000	10	1,576,000	9	+6,000	1,582,000	9
CSR	396,000	1	406,000	1	+2,000	408,000	1
Imprest Fund	209,000	5	254,000	4	+1,000	255,000	4
AGCAS	187,000	2	253,000	2	+1,000	254,000	2
Cent. Mail	3,529,000	93	3,823,000	94	-3,000	3,820,000	91
Dupl. Svcs.	1,080,000	12	1,306,000	12	+7,000	1,313,000	12
Copier Svc.	3,372,000	29	3,859,000	27	+25,000	3,884,000	26
DMLS	198,000	2	248,000	3	+3,000	251,000	3
OES	1,520,000	19	1,835,000	21	+2,000	1,837,000	20
Training Ctr.	202,000	2	148,000	3	+0	148,000	3
2. Video, Tele., & Vis. Design Svcs	4,316,000	27	4,488,000	26	+0	4,488,000	26
Video & Tele.	1,636,000	12	1,768,000	13	+1,000	1,769,000	13
Design Ctr.	2,680,000	15	2,720,000	13	-1,000	2,719,000	13
3. Fin. & Mgt.	51,362,000	790	52,767,000	777	+147,000	52,914,000	752
NFC/USDA	47,954,000	786	49,800,000	776	+28,000	49,828,000	751
NFC/Ext.Sup.	0	0	0	0	+0	0	0
NFC/TSP	0	0	0	0	+0	0	0
Fin. Info. Sys.	<u>2,954,000</u>	<u>0</u>	<u>1,314,000</u>	<u>0</u>	<u>+271,000</u>	<u>1,585,000</u>	<u>0</u>
Sub./CFO	50,908,000	786	51,114,000	776	+299,000	51,413,000	751
MAP	454,000	4	1,653,000	1	-152,000	1,501,000	1
4. ADP Svcs.	40,327,000	207	45,148,000	212	-219,000	44,929,000	206
NCC/MF	29,410,000	126	30,612,000	127	+41,000	30,653,000	122
NCC/NMS	3,916,000	25	4,949,000	30	+106,000	5,055,000	29
NCC/AD	3,539,000	43	4,090,000	45	-241,000	3,849,000	45
Comp. Svcs.	1,161,000	11	1,920,000	8	-139,000	1,781,000	8
Tel. Svc. Oper	897,000	2	1,398,000	2	+6,000	1,404,000	2
LAN	1,404,000	0	2,179,000	0	+8,000	2,187,000	0
Total Recurring Operations	112,746,000	1,220	120,854,000	1,215	-11,000	120,843,000	1,179
Capital Equip.	19,260,000	0	27,540,000	0	-8,986,000	18,554,000	0
Total Avail. or Estimate	132,006,000	1,220	148,394,000	1,215	-8,997,000	139,397,000	1,179

PROJECT STATEMENT
(Non-USDA Activity)

	1994 Actual		1995 Estimated		Increase or Decrease	1996 Estimated	
	Amount	Staff- Years	Amount	Staff- Years		Amount	Staff- Years
1. Supp. & Other Cent. Svcs.	\$2,369,000	17	\$2,231,000	17	+11,000	\$2,242,000	16
CS-Stores	57,000	0	55,000	0	+1,000	56,000	0
CS-Forms	2,027,000	14	1,858,000	14	+9,000	1,867,000	13
CEPO	226,000	3	254,000	0	+1,000	255,000	3
CSR	0	0	0	0	+0	0	0
Imprest Fund	0	0	0	0	+0	0	0
AGCAS	0	0	0	0	+0	0	0
Cent. Mail	33,000	0	36,000	0	+0	36,000	0
Dupl. Svcs.	12,000	0	13,000	0	+0	13,000	0
Copier Svc.	14,000	0	15,000	0	+0	15,000	0
DMLS	0	0	0	0	+0	0	0
OES	0	0	0	0	+0	0	0
Training Ctr.	0	0	0	0	+0	0	0
2. Video, Tele., & Vis. Design Svcs	29,000	0	28,000	0	+0	28,000	0
Video & Tele. Design Ctr.	29,000 0	0 0	28,000 0	0 0	+0 +0	28,000 0	0 0
3. Fin. & Mgt.	61,858,000	827	69,451,000	829	+1,173,000	70,264,000	831
NFC/USDA	0	0	0	0	+0	0	0
NFC/Ext.Sup.	42,055,000	577	43,805,000	564	-300,000	43,505,000	549
NFC/TSP	19,225,000	250	23,415,000	264	+1,639,000	25,054,000	281
Fin. Info. Sys.	0	0	0	0	0	0	0
Sub./CFO	61,,280,000	827	67,220,000	828	+1,339,000	68,559,000	830
MAP	578,000	0	2,231,000	1	-166,000	2,065,000	1
4. ADP Svcs.	1,015,000	827 0	1,628,000	2	+251,000	1,879,000	0
NCC/MF	638,000		599,000	0	+0	599,000	0
NCC/NMS	4,000	0	4,000	0	+0	4,000	0
NCC/AD	373,000		1,025,000	2	+251,000	1,276,000	0
Comp. Svcs.	0	0	0	0	+0	0	0
Tel. Svc. Oper	0	0	0	0	+0	0	0
LAN	0	0	0	0	+0	0	0
Total Recurring Operations	65,271,000	844	73,338,000	848	+1,435,000	74,773,000	847
Capital Equip.	0	0	0	0	+0	0	0
Total Avail. or Estimate	65,271,000	844	73,338,000	848	+1,435,000	74,773,000	847

JUSTIFICATION OF INCREASES AND DECREASES

- (1) A net increase of \$72,000 for recurring operations of Supply and Other Central Services consisting of:

Central Supply Stores	+ \$5,000
Central Supply Forms	+22,000
Central Excess Property	+7,000
Central Shipping and Receiving	+2,000
Central Imprest Fund	+1,000
Agriculture Contract Automation System	+1,000
Central Mail Unit	-3,000
Duplicating Unit	+7,000
Copier Service	+25,000
Departmental Mailing List	+3,000
Office of the Executive Secretariat	+2,000
Training Center	+ 0
Total	+72,000

- (a) An increase of \$72,000 for providing personal property, mail and reproduction, large parcel receipt and shipment, contract document support, small purchase, correspondence management, and training facility services.

Efficiencies in service delivery and limitations on non-production costs help to constrain the cost increase to less than one-half of one percent in FY 1996. The estimates assume little change in workload from FY 1995 to FY 1996. Higher workload during FY 1996 would result in somewhat higher total costs, but lower costs per unit of service.

- (b) No change for pay increases.

- (2) No increase for recurring operations of Video and Teleconferencing, and Visual Design Services consisting of:

Video and Teleconferencing Services	+ \$1,000
Design Services	-1,000
Total	+ \$0

- (a) No change in costs for video production, audio/video teleconferencing, and visual/exhibit design services.

There are slight changes in the two activity centers for FY 1996 (less than one-tenth of one percent in each). Cost containment reflects ongoing improvements in efficiency in delivering video, teleconferencing, and visual design services. The estimates assume little change in workload from FY 1995 to FY 1996. Higher workload during execution would result in somewhat higher total costs, but lower costs per unit of service.

- (b) No change for pay increases.

- (3) A net increase of \$1,320,000 for recurring operations of Finance and Management consisting of:

National Finance Center/USDA Services	+ \$28,000
National Finance Center/External Support	-300,000

National Finance Center/Thrift Savings Plan Support	+1,639,000
Financial Information Systems	+271,000
Modernization of Administrative Processes (MAP)	<u>-318,000</u>
Total	<u>+\$1,320,000</u>

- (a) A decrease of \$647,000 for production and development costs associated with financial system operations and development activities.

The decrease is the net effect of reductions in National Finance Center (NFC) production costs for services to USDA and non-USDA agencies, a reduction in costs associated with administrative system development under the Modernization of Administrative Processes (MAP) program, and increases in NFC costs to support increasing recordkeeping and loan operations activity in the Thrift Savings Plan (TSP) and the Financial Information Systems Vision and Strategy (FISVIS) project. Increases in TSP support reflect expected increases in the number of accounts maintained (7 percent higher in FY 1996). FISVIS increases are the result of higher costs of software acquisition and development necessary to implement new automated financial management systems. Decreases in costs among NFC "core" services (services to USDA and non-USDA/non-TSP customers) assume little change in demand from FY 1995 to FY 1996. Higher demand for services during execution would result in higher total costs but lower costs per unit of service.

- (b) An increase of \$1,967,000 for pay increases.

The increase is primarily the result of increasing workload in support of the TSP system and the increase in FTEs this level of support demands. Increases in pay costs among other functions (USDA services and external support) will be less than 2 percent.

- (4) A net increase of \$32,000 for recurring operations of ADP systems consisting of:

NCC/Mainframe	+\$41,000
NCC/Network Management Services	+106,000
NCC/Applications Design	+10,000
Computer Services Unit	-139,000
Telephone Service Operations	+6,000
Local Area Network	<u>+8,000</u>
Total	<u>+\$32,000</u>

- (a) An increase of \$32,000 for operation, maintenance, and delivery of mainframe computing, network management, agency-specific applications design, Departmental ADP support, telephone equipment, voice mail, and local area network services.

The increase is the net effect of increases in mainframe computing applications, network management services, telephone equipment support, and capital investments in technologies and systems to support headquarters local area network applications; and decreases in costs for ADP support to Departmental and staff offices. The net increase -- less than one-tenth of one percent -- reflects efficiencies in computing applications and limitations on discretionary non-production costs.

- (b) No change for pay increases.

(5) An expenditure of \$18,554,000 for capital acquisitions in FY 1996 (\$27,540,000 in FY 1995):

(a) Expenditures for capital acquisitions are as follows:

Supply and Other Central Services (\$189,000):

Central Supply Stores	\$51,000
Central Supply Forms	66,000
Central Excess Property	0
Central Shipping and Receiving	0
Central Imprest Fund	0
Agriculture Contract Automation System	0
Central Mail Unit	0
Duplicating Unit	0
Copier Service	0
Departmental Mailing List	0
Office of the Executive Secretariat	72,000
Training Center	<u>0</u>
Total	\$189,000

Video and Teleconferencing and Visual Design Services (\$275,000):

Video and Teleconferencing Services	\$225,000
Visual Design Services	<u>50,000</u>
Total	\$275,000

Finance and Management (\$9,868,000):

National Finance Center	\$4,468,000
Financial Information Systems	3,900,000
Modernization of Administrative Processes (MAP)	<u>1,500,000</u>
Total	\$9,868,000

ADP Services of (\$8,222,000):

NCC/Mainframe	\$4,690,000
NCC/Network Management Services	1,747,000
NCC/Applications Design	405,000
Computer Services Unit	80,000
Telephone Service Operations	100,000
Local Area Network	<u>1,200,000</u>
Total	\$8,222,000

Capital acquisitions reflect the most economical purchases of equipment and other capital investments in FY 1996. Where it is advantageous for the Government to purchase rather than lease assets (based on total costs over the life of the asset), capital acquisition resources are allocated. Where it is less advantageous to do so, equipment and other assets are leased (lease costs are reflected in operating costs for activity centers). In all cases, acquisitions (purchase or lease) are made in response to anticipated demand for service with an eye toward minimizing unit costs of service.

Working Capital Fund
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1994 and Estimated 1995 and 1996

	1994		1995		1996	
	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>
Colorado.....	\$8,051,000	68	\$11,607,000	77	\$12,336,000	74
District of Columbia.....	25,240,000	217	35,565,000	213	34,400,000	208
Louisiana.....	120,879,000	1,605	127,081,000	1,596	122,855,000	1,573
Maryland.....	8,381,000	48	8,567,000	50	8,637,000	49
Missouri.....	34,726,000	126	38,912,000	127	35,942,000	122
Total, Available or Estimate	197,277,000	2,064	221,732,000	2,063	214,170,000	2,026

WORKING CAPITAL FUND

STATUS OF PROGRAM

Current activities and selected examples of recent progress are outlined below:

SUPPLY AND OTHER CENTRAL SERVICES

Current Activities. Activity centers in this area managed by the Office of Operations (OO) are building on their success in recent years to contain service costs while maintaining and improving service quality. Warehousing and stores management activities of Central Supply Stores, Central Supply Forms, and Central Excess Property Operation, consolidated at a single facility in Landover, Maryland (except self-service store operations), performed quick-response tasks to meet the needs of agencies responding to natural disasters and conducted reviews that indicated the cost-effectiveness of the services they provide. New and improved applications in mail and reproduction management improved the efficiency of mail processing services and reduced costs. The Office of the Executive Secretariat (OES) moved forward in reorganizing its activities while improving internal accounting and their technological capacities. The USDA Training Center continued to provide facilities and materials for training of Washington D.C. metropolitan area personnel.

Selected Examples of Recent Progress.

1. Central Supply Stores:

- Reissued all self-service store authorization cards that included bar code identification strips to improve record keeping and accounting.
- Added 12 new items to the stores inventory in response to customer demand.
- Performed a cost-comparison analysis of Boise-Cascades' proposed supply costs and General Services Administration (GSA) costs for Central Supply Stores supplies. The comparison suggested that Central Supply Stores prices are competitive with Boise-Cascades.

2. Central Supply Forms:

- Completed an extensive re-warehousing project following the relocation of the Central Supply Stores bulk warehouse.
- Assisted Small Business Administration customers during the California earthquake and the Midwest floods. A total weight of 69,000 pounds in cargo was processed and shipped.
- Began an upgrade of warehouse control system software and conversion to a radio frequency/bar coding application. This system will enhance the way customer orders are processed by providing a paperless inventory control and accountability system.

3. Central Excess Property Operation

- Designated as service provider for disposal, reuse, rehabilitation and public sales of property under USDA's partnership with the National Capital Areas Cooperative Administrative Support Units (NCA CASU) Program. Reimbursable agreements have been negotiated for fiscal year 1995 with the Executive Office of the President, Veterans Affairs Administration, Goddard's National Aeronautics and Space Administration, Cooperation for National and Community Service, National Oceanic and Atmospheric Administration, National Park Service, Consumer Product Safety Commission, and Pension Benefit Guarantee Corporation. These shared service arrangements will reduce Federal costs through economies of scale and will provide substantial cost avoidances to USDA agencies for service delivery.

4. Central Imprest Fund:

-Began initiatives to write data base programs to eliminate day-to-day manual processes and to automate signature cards.

5. Agriculture Contract Automation System (AGCAS):

-Tested and approved draft software for updating the enhanced AGCAS/DGS software version.

6. Central Mail Unit:

-Obtained from GSA excess property at no cost a new high-speed large-volume inserter for use in mail preparation. This equipment increases production while reducing labor-intensive manual work. This will reduce mail preparation costs to customers.

7. Duplicating Unit:

-Continued its emphasis on the use of soybean-based black ink in production and is working toward accommodating other vegetable oil-based vehicles.

-Acquired state-of-the-art, networkable copier-duplicators as part of the ongoing effort to improve turn-around time and increase productivity.

-Will implement, in fiscal year 1995, an electronic print-on-demand service which will provide improved service and reduce overall cost. This system will print from an electronic file, bind, fold, apply label and postnet barcode in one operation. This technology will replace a process performed by four operators. In addition to costing less, it will reduce total production time by 2 to 3 days.

8. Departmental Mailing List Service (DMLS):

-Continues to make more use of this center's high-speed laser printers to generate reports from the National Finance Center. This enables customers to produce reports locally (at DMLS) at a savings of 12 cents per page and allows customers to avoid mailing costs and mailing delays.

9. Office of the Executive Secretariat (OES):

-Developed a new weighting system to serve as a method of identifying workload for each customer of OES. It is a more sophisticated system than the previous method that distributed costs on the basis of volume of mail referred alone. The new system also considers the time required for review and analysis of correspondence.

-Began a review of new technologies associated with workflow systems. These systems are employed along with imaging technology, such as that OES currently has, and telecommunications technology and systems to transmit documents electronically and simultaneously. This will accelerate turn around time required to respond to correspondence and allow information and work assignments to be routed directly to staff responsible for performing work.

VIDEO AND TELECONFERENCING & VISUAL DESIGN SERVICES

Current Activities. Expansion in teleconferencing service and applications of current video production technologies afford users promising cost efficiencies. These strategies allow users to avoid higher costs of travel while maintaining contact between agency headquarters offices and field offices, agricultural program clients, and the general public.

Taking advantage of current technologies in desktop publishing and computer graphics remain two of the

most rapidly expanding areas in visual design. Upgrading capabilities in these areas is a primary focus in the Design Center. These technologies greatly enhance services in support of conferences, seminars, hearings, public meetings, interagency programs, and the like.

Selected Examples of Recent Progress.

1. Video and Teleconferencing Division:

- Completed a major renovation of audio and video wiring in the television studio, enhancing video quality originating from the studio as well as the quality and ease of live satellite broadcasts carried live on the USDA Video Network.
- Made operational a new audio teleconferencing bridge, permitting several audioconferences to be run remotely from staff members' desks instead of a central operations room. This system offers new options not possible with the previous system, including after hours password access for emergency conferences without the need for an on-site operator and the capacity to allow two presenters to speak at once, which allows freer conversation than older voice-activated systems.

2. Design Center:

- Designed and produced the following exhibits in support of customer activities include the following:

Agricultural Stabilization and Conservation Service interactive programs
 Federal Crop Insurance Corporation crop insurance programs
 Agricultural Marketing Service recruitment programs
 Forest Service wetlands and watershed programs
 Soil Conservation Service water quality programs
 Animal and Plant Health Inspection Service pest management and regional
 quarantine inspection activities

- Visitor center and permanent displays completed or in progress include the following:

Highlands Center in Virginia
 Agricultural Research Service signage at the National Arboretum
 Forest Service facilities in Washington, D.C.
 El Yungue Center in Puerto Rico
 Big Bear Center in California
 Seavic and Mendenhall Glacier Centers in Alaska
 USDA Center in Washington, D.C.
 Stargavin interpretive signage project in Alaska
 Cranberry Mountain and Seneca Rocks in West Virginia

FINANCE AND MANAGEMENT

Current Activities: The National Finance Center (NFC) continues to play a central role in the reengineering of financial management and administrative systems in USDA, consistent with the goals and objectives of both the USDA 5-Year Financial Management Plan and the Chief Financial Officer's Strategic Plan. NFC administers and operates over 20 financial and administrative service systems in support of all agencies of USDA and over 30 non-USDA customers. These systems include such services as: payroll/personnel, central accounting, billing and collections, travel, and others. Systems development, implementation, and maintenance activities are performed in the context of ongoing customer requirements, while developmental

efforts are underway at the NFC as important elements of both the Financial Information Systems Vision and Strategy (FISVIS) Project and the Modernization of Administrative Processes (MAP) Program. FISVIS continues to be engaged in coordinating the development of an integrated financial information system in USDA that satisfies agency internal financial management needs, Departmental fiduciary responsibilities, and the reporting requirements of guidance agencies such as the Office of Management and Budget and the Department of the Treasury. MAP is engaged in Department wide efforts to reinvent administrative processes through a redesign of administrative processes and systems, organizational development, and appropriate uses of technology.

Selected Examples of Recent Progress:

1. National Finance Center (NFC):

- Completed development of a detailed 5-year strategic plan to support and expand upon the strategic plan of the Office of the Chief Financial Officer. This plan incorporates over 80 short-term improvement initiatives that were identified in a Fiscal Year 1993 independent assessment of the Center.
- Participated in the development of USDA's Financial Accounting Standards Manual and Financial Management Information Architecture.
- Established an NFC-wide technology assessment team to identify new directions in technology, initiate pilot projects, order and install new hardware, and provide training in new technologies.
- Began implementation of a graphical user interface (GUI) pilot project to update the visual appearance of NFC applications and present data on user-friendly, "Windows"-like screens. This GUI initiative is a low-cost, short-term alternative to system redesign, and it is planned as a high-benefit transition step in system modernization.
- Completed a comprehensive assessment of the NFC organization, using business process reengineering techniques. The focus on streamlining management processes, identifying points of accountability, and proposing alternative structures will improve communications, decision-making, and ultimately service to USDA and non-USDA customers.
- Took measures to improve internal controls, including an in-depth ADP security assessment; increased emphasis on audit coordination; expansion of the monitoring of audit recommendations, status, and corrective actions; streamlining of coordination processes; weekly teleconferences to focus specifically on the status of the financial statement audit; improvements in the NFC management controls manual; additional training to employees in risk assessment; development of management control objectives; and identification of appropriate management control techniques.
- Continued its history of setting the standard for financial and administrative services while keeping costs competitive. Costs to USDA agencies were again held to a growth rate less than inflation, despite workload increases.
- Won recognition for NFC team members as "Heroes of Reinvention" for their proposal to streamline the process for certifying officers to update their signature authorization records. The proposal was adopted by the Department of the Treasury and will result in significant savings throughout the Federal Government.
- Established an ongoing process improvement team to correct deficiencies identified by customers in the management of NFC name and address files. The result is a saving of over \$75,000 in postage costs alone.
- Received the Fiscal Year 1994 Industry Excellence Award from the National Postal Forum. NFC was the only government recipient of this award in Fiscal Year 1994, given for implementing progressive mailing practices.

AUTOMATED DATA PROCESSING SERVICES

Current Activities: In a constantly changing technological and management environment for ADP services, the Office of Information Resources Management (OIRM) continues to adapt itself to meet users changing needs. The mainframe operations, telecommunications support, and applications design services under its umbrella National Computer Center structure continue to provide users with a comprehensive range of ADP operations, consultation, and training services. Computer Services Unit provides similar services for Departmental and staff offices. The result has been a decrease in unit costs of service for ADP activities managed with WCF support by OIRM. Telephone Service Operations and Local Area Network activity centers take advantage of emerging telecommunications and networking technologies and applications to ensure state-of-the-art, cost-effective solutions to telecommunications and networking needs.

Selected Examples of Recent Progress:

1. National Computer Center (NCC/Mainframe, NCC/Network Management Services, NCC/Applications Design):

- Completed testing of version 1, release 1, of on-line access to USDA FTS-2000 information. This application can eliminate the need for producing and distributing over 1,100 hard-copy reports of approximately 50,000 pages.
- Successfully developed and implemented arrears billing for FTS-2000 charges for USDA agencies. Working with agency representatives and OFM personnel, a system using the USDA FTS-2000 data and NFC's Miscellaneous Payments System was implemented.
- Completed the implementation of a consolidated voice and data telecommunications system. This system is now in the operations and maintenance mode, providing remote support to on-site agencies through a help desk operation. The yearly cost avoidance over a GSA consolidated service solution is approximately \$135,000. Further, the system is supported by actual usage data, not projections, and possesses enhanced capabilities not available in the GSA service offering.
- Initiated a network design project with Region 8 of the Forest Service. The project encompasses design of and integrated telecommunications network for Forest Service locations in Florida and Louisiana.
- Received designation of the Automated Records Management System as a "reinvention laboratory" by the National Performance Review office.
- Continued effective support to a variety of agency-specific applications and systems, including:

- Food Safety and Inspection Service Residue Violation System
- Forest Service Timber Management Systems
- Forest Service Timber Sale Accounting System
- Forest Service Region 5 Forest Inventory System
- Soil Conservation Service Review Tracking System
- Foreign Agricultural Service International Cabling System
- Cooperative State Research Service CRIS Project

- Foreign Agricultural Service/U.S. Agricultural Marketing System
- Soil Conservation Service PLANTS
- Soil Conservation Service PEAS
- Soil Conservation Service Plant Materials Activities and Accomplishments System
- World Agriculture Outlook Board Database
- USDA FTS-2000 Database
- GSA FTS-2000 Database
- Forest Service System 2000

-Worked with Federal Express to implement a more cost-effective arrangement for shipping tapes to and from the "hotsite" backup facility. NCC will realize a significant time saving in airbill preparation and a cost saving in shipping charges that will be consolidated under a single airbill number.

2. Computer Services Unit:

-Instituted an automated problem tracking system at the help desk to document the number, type, and response time for technical trouble calls.

-Completed the consolidation of equipment to reduce maintenance costs for older machines and migrate all users, applications, and data to a newer operating platform.

-Implemented a prototype client server database environment and provided preliminary training to staff on graphical-user interface (GUI) development tools.

3. Telephone Service Operations:

-Managed the successful expansion of voice mail services from 3,359 mail boxes to 6,500 mail boxes.

-Integrated voice mail services at 1301 New York Avenue with the Departmental voice mail system.

4. Local Area Network (LAN):

-Successfully completed fiber optic/intelligent hub design for the LAN upgrade and began installation.

-Began implementation of a bar code system for material control of all hardware associated with the LAN upgrade in the LAN Management Center.

DEPARTMENTAL ADMINISTRATION

EXPLANATORY STATEMENT

Departmental Administration is comprised of Staff Offices and activities that report to the Assistant Secretary for Administration. These Offices provide staff support to the top policy officials of the Department and overall direction and coordination to the work of the Department. The Assistant Secretary for Administration has the responsibility for administering the following programs under authority contained in 7 U.S.C. 2202:

Departmental Administration. This appropriation funds the Department-wide policy development and administrative operational activities associated with the following:

Personnel - This office provides leadership, coordination and monitoring of the personnel management program in the Department and promulgates Departmental policies and procedures relating to all personnel functions. The Office of Personnel provides liaison with the Office of Personnel Management and sponsors innovations and change in personnel management. Operational services are provided to the Office of the Secretary, Office of the Inspector General, Office of the General Counsel, Office of Communications, the Office of the Chief Financial Officer, Executive Operations, and the Departmental Administrative Staff Offices. Direction is provided to the Department's integrated payroll/personnel system that is utilized by a cross-section of Federal agencies. Equal Employment Opportunity under Title 7 of the Civil Rights Act of 1964 is provided to all USDA agencies.

Operations - This office provides USDA agencies leadership, oversight and policy development in the areas of real and personal property, procurement, contracts, supplies, motor vehicles and supply. Under an agreement with GSA, it operates and provides maintenance security and services to the Washington, D.C. building complex. The Office of Operations also provides procurement, contract, leasing, and other administrative services to the Office of the Secretary, Office of the General Counsel, Office of Communications, the Office of Chief Financial Officer, Executive Operations, and the Departmental Staff Offices.

Information Resources Management - This office develops and disseminates Departmental standards, guidelines, rules, and regulations to implement approved Information Resources Management (IRM) principles, policies, and programs that improve the operational effectiveness of USDA's programs. It provides for Departmental long range IRM planning, guides the IRM planning of USDA agencies, monitors and oversees major agency and Departmental IRM programs. The Director serves as Departmental clearance officer for information collection. The Office of Information Resources Management provides telecommunications and ADP services to USDA agencies and staff offices through the National Computer Centers in Fort Collins, Colorado and Kansas City, Missouri. This office also provides operational ADP services to the Office of the Secretary, Office of the General Counsel, Office of Communications, the Office of Chief Financial Officer, Executive Operations, and the Departmental Administrative Staff Offices.

Civil Rights Enforcement - This office provides overall policy and program guidance, leadership, coordination and direction for the Department's civil rights and equal opportunity programs; plans and coordinates the participation of women, minorities, and disabled persons in Departmental programs. It also directs Departmental efforts to further the participation of minority colleges and universities in USDA programs.

Administrative Law Judges/Judicial Officer - The Administrative Law Judges hold hearings in connection with prescribing new regulations and orders and on disciplinary complaints filed by the

Department and on some petitions filed by private parties asking relief from actions of the Department. The Judicial Officer renders final administrative decisions in regulatory proceedings.

Disaster Management and Coordination - This staff is the focal point of contact with the Federal Emergency Management Agency and all other Federal departments and agencies having emergency program responsibilities, and provides oversight, coordination, and guidance to USDA agencies in their emergency planning, training, and activities.

InfoShare - InfoShare is a partnership among agricultural, rural development, and natural resource agencies and the customer to provide improved service at less cost, whereby customers experience that they are being served by only one agency: Team USDA. InfoShare is designed to streamline business processes of the partner agencies, to improve service to the public and cut the costs of administering programs. This objective will be reached through business process reengineering, technology replacement and integration, and cultural change management. The InfoShare program has been refocused to emphasize the reengineering of business processes and maintenance of legacy systems, as well as support of the reorganization. Because of this refocusing, InfoShare has revised its schedule of activities to be carried out for fiscal years 1995-1996.

Modernization of Administrative Processes (MAP) - This staff activity provides support to the Assistant Secretary for Administration (ASA) in his position as steward of the Department's physical and capital assets, and as manager of the Department's administrative functions and processes. In this role, MAP will: 1) coordinate all National Performance Review initiatives being carried out in Departmental Administration (DA); 2) provide training in and monitoring of performance measures adopted by DA staff offices in support of the Government Performance and Results Act (GPRA); 3) conduct analyses, evaluations, and studies related to improving USDA administrative functions; 4) conduct strategic planning for the ASA that covers Department-wide administrative business areas; and 5) coordinate and integrate reports and requests for information that cut across DA staff office lines, including preparation of the DA Streamlining Plan.

Not all administrative Staff Office activities are financed from direct appropriations. The Staff Offices also provide central services that are financed under the Department's Working Capital Fund (7 U.S.C. 2235). A detailed description of these activities is provided under the Explanatory Statement of the Working Capital Fund.

Reimbursable Activities. Under the Economy Act, 31 U.S.C. 1535, the Staff Offices also are reimbursed for services provided to USDA and non-USDA agencies. The following activities are financed through other reimbursements: travel and printing for the Administrative Law Judges, miscellaneous personnel details, selected short-term activities, as well as administrative and operational support to Working Capital Fund activities.

Geographic Location. The majority of the Staff Offices are located in Washington, D.C. Central services financed through the Working Capital Fund are provided by the National Finance Center located in New Orleans, Louisiana and by the Department's computer centers located in Kansas City, Missouri and Fort Collins, Colorado, and by other administrative service units located in the Washington Metropolitan area.

As of September 30, 1994, there were 897 employees, of which 843 were full-time and 54 were other than full-time permanent employees in the Staff Offices included under Departmental Administration. These employees were assigned as follows:

<u>Location</u>	<u>Full-time permanent</u>	<u>Other</u>	<u>Total</u>
Washington, D.C.	667	50	717
Field units	<u>176</u>	<u>4</u>	<u>180</u>
Total	843	54	897

OIG Reports

#50099-43-AT 9/30/94 Unemployment Compensation for Federal Civilian Employees Program: Evaluated USDA and its agencies' administrative controls over the Federal Unemployment Compensation Program and administrative procedures for the program.

#50099-42-FM 5/26/94 Departmental Administration of Multiuser Contracts: Evaluated USDA's procedures governing the purchase of Federal information processing resources from multi-user contracts.

GAO Reports

GAO/AIMD-94-156 USDA RESTRUCTURING: Refocus Info Share Program on Business Processes Rather Than Technology, August 1994.

DEPARTMENTAL ADMINISTRATION

Available Funds and Staff-Years
1994 Actual and Estimated, 1995 and 1996

Item	1994 Actual		1995 Estimated		1996 Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Direct Appropriation:						
Departmental Administration	\$24,334,000	358	\$27,279,000	411	\$28,347,000	426
InfoShare.....	21,884,000	8	10,382,000	16	59,000,000	16
Ag. Bldgs & Facilities.....	134,969,000	87	135,013,000	84	135,774,000	82
Total, Direct.....	181,187,000	453	172,674,000	511	223,121,000	524
<u>Reimbursements to Appropriations:</u>						
Deptl. Administration						
<u>USDA Agencies:</u>						
CFSA ADP.....	128,000	--	130,000	--	130,000	--
IRM Services.....	--	--	103,000	--	105,000	--
EEO Investigations.....	1,081,000	--	2,878,000	--	2,878,000	--
Interpreter Service.....	70,000	--	100,000	--	102,000	--
Special Emphasis.....	183,000	--	--	--	--	--
TARGET Center.....	322,000	--	400,000	--	430,000	--
Office of Admin. Law						
Judges.....	49,000	--	54,000	--	55,000	--
Misc. Details.....	140,000	--	--	--	--	--
Management Support						
Services Provided to						
WCF Activities.....	3,945,000	60	3,996,000	60	4,137,000	60
Subtotal, USDA Agencies.	5,918,000	60	7,661,000	60	7,837,000	60
<u>Other Federal Agencies:</u>						
Federal Mine Safety						
Board.....	52,000	---	54,000	---	55,000	---
Subtotal, Other Federal...	52,000	---	54,000	---	55,000	---
Total Deptl. Administration..	5,970,000	60	7,715,000	60	7,892,000	60
Ag. Bldgs & Facilities:						
Security Services.....	1,891,000	---	2,657,000	---	3,184,000	---
Other Building Services	406,000	---	843,000	---	816,000	---
Subtotal, Ag. Bldgs & Facilities.....	2,297,000	---	3,500,000	---	4,000,000	---
Total, Reimbursements...	8,267,000	60	11,215,000	60	11,892,000	60
<u>Working Capital Fund:</u>						
Supply and Other						
Central Services.....	19,110,000	213	20,682,000	217	20,754,000	211
ADP Services.....	41,342,000	207	46,776,000	214	46,808,000	206
MAP.....	1,032,000	4	3,884,000	2	3,566,000	2
Purchase of Equipment.	13,262,000	---	12,204,000	---	8,411,000	---
Subtotal, WCF.....	74,746,000	424	83,546,000	433	79,539,000	419
Grand Total, Departmental Administration.....	264,200,000	937	267,435,000	1,004	314,552,000	1,003

DEPARTMENTAL ADMINISTRATION

Permanent Positions by Grade and Staff-Year Summary1994 and Estimated 1995 and 1996

	1994			1995			1996		
Grade	Wash DC	Field	Total	Wash DC	Field	Total	Wash DC	Field	Total
ES-6.....	1	0	1	1	0	1	1	0	1
ES-5.....	1	2	3	2	2	4	2	2	4
ES-4.....	0	0	0	0	0	0	1	0	1
ES-3.....	1	0	1	3	0	3	3	0	3
ES-2.....	3	0	3	3	0	3	2	0	2
ES-1.....	3	0	3	4	0	4	5	0	5
AL-3.....	4	0	4	5	0	5	5	0	5
AL-2.....	1	0	1	1	0	1	1	0	1
SL-3.....	1	0	1	1	0	1	1	0	1
SL-1.....	0	0	0	1	0	1	1	0	1
GS-15.....	36	6	42	43	7	50	37	7	44
GS-14.....	105	18	123	122	22	144	121	23	144
GS-13.....	109	54	163	138	50	188	151	47	198
GS-12.....	65	69	134	81	73	154	84	70	154
GS-11.....	46	15	61	41	17	58	42	16	58
GS-10.....	3	0	3	1	1	2	1	1	2
GS-9.....	36	16	52	39	14	53	39	13	52
GS-8.....	8	7	15	15	9	24	15	10	25
GS-7.....	67	19	86	65	18	83	66	16	82
GS-6.....	25	5	30	36	6	42	36	5	41
GS-5.....	35	8	43	27	7	34	27	7	34
GS-4.....	36	5	41	49	7	56	49	8	57
GS-3.....	25	1	26	14	2	16	14	1	15
GS-2.....	15	0	15	10	0	10	10	0	10
GS-1.....	5	0	5	3	0	3	3	0	3
Other Graded Positions.....	28	0	28	22	0	22	18	0	18
Ungraded Positions..	25	18	43	23	19	42	23	19	42
Total, Permanent Positions.....	684	243	927	750	254	1,004	758	245	1,003
Unfilled Positions end-of-year.....	0	0	0	0	0	0	0	0	0
Total Permanent Employment, end- of-year.....	684	243	927	750	254	1,004	758	245	1,003
Staff-Year Ceiling.....	695	242	937	750	254	1,004	758	245	1,003

DEPARTMENTAL ADMINISTRATION

CLASSIFICATION BY OBJECTS1994 and Estimated 1995 and 1996

	<u>1994</u>	<u>1995</u>	<u>1996</u>
Personnel Compensation:			
Washington, D.C.....	<u>\$21,269,000</u>	<u>\$25,050,000</u>	<u>\$25,499,000</u>
11 Total personnel compensation.....	\$18,174,000	\$21,203,000	\$21,573,800
12 Personnel benefits.....	3,015,000	3,837,000	3,915,000
13 Benefits for former personnel	<u>80,000</u>	<u>10,000</u>	<u>11,000</u>
Total personnel compensation & benefits.....	<u>\$21,269,000</u>	<u>25,050,000</u>	<u>25,499,800</u>
Other Objects:			
21 Travel.....	1,550,000	1,403,000	2,376,000
22 Transportation of things.....	21,000	48,000	51,000
23.2 Rental payments to others.....	40,000	111,000	182,000
23.3 Communications, utilities, and misc. charges.....	920,000	1,992,000	5,665,000
24 Printing and reproduction.....	258,000	169,000	177,200
25.1 Consulting Services.....	43,000	975,000	995,000
25.2 Other services.....	17,614,000	7,165,000	51,664,000
25.3 Purchase of Goods and services from other government accounts.....	130,000	--	--
26 Supplies and materials.....	693,000	245,000	255,000
31 Equipment.....	3,521,000	468,000	446,000
32 Land and Structures.....	1,000	---	---
41 Grants.....	30,000	35,000	36,000
42 Insurance claims and indemnities.....	35,000	---	---
43 Interest and dividends.....	<u>1,000</u>	<u>---</u>	<u>---</u>
Total other objects.....	<u>24,857,000</u>	<u>12,611,000</u>	<u>61,847,200</u>
Total direct obligations.....	<u>46,126,000</u>	<u>\$37,661,000</u>	<u>\$87,347,000</u>
Position Data:			
Average Salary, ES positions.....	\$109,536	\$110,833	\$113,272
Average Salary, GS positions.....	\$58,795	\$60,640	\$58,838
Average Grade, GS positions.....	13.5	13.6	13.5

PROPOSED LANGUAGE CHANGES

DEPARTMENTAL ADMINISTRATION

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Departmental Administration:

- 1 For [Finance and Management, \$4,477,000 for] Personnel, Operations,
- 2 Information Resources Management, Civil Rights Enforcement, [Small and
- Disadvantaged Business Utilization,] Administrative Law Judges and Judicial
- 3 Officer, [and Emergency Programs \$21,710,000; making a total of
- \$26,187,000 for Departmental Administration] Disaster Management and
- Coordination, InfoShare, and Modernization of Administrative Processes,
- \$87,347,000; to provide for necessary expenses for management support services
- 4 to offices of the Department [of Agriculture] and for general administration
- and [emergency preparedness] disaster management of the Department
- [of Agriculture], repairs and alterations, and other miscellaneous supplies
- and expenses not otherwise provided for and necessary for the practical
- and efficient work of the Department [of Agriculture], including employment
- pursuant to the second sentence of section 706(a) of the Organic Act of
- 1944 (7 U.S.C. 2225), of which not to exceed \$10,000 is for employment
- under 5 U.S.C. 3109: Provided, That this appropriation shall be reimbursed from
- 5 applicable appropriations in this Act for travel expenses incident to the holding
- of hearings as required by 5 U.S.C. 551-558: Provided further, That amounts
- appropriated for InfoShare shall remain available until expended.

- 1 The first change removes funding for the Office of Finance and Management from this appropriation. Funding for that Office is requested within the Office of the Chief Financial Officer.
- 2 The second change reflects the transfer of the Office of Small and Disadvantaged Business Utilization to the Executive Operations.
- 3 The third change reflects the renaming of the Emergency Programs to the Disaster Management and Coordination staff and establishes InfoShare and Modernization of Administrative Processes as separate line items under Departmental Administration.
- 4 The fourth change reflects the renaming of the emergency preparedness function to disaster management.
- 5 The fifth change makes InfoShare appropriated funds available until expended.

DEPARTMENTAL ADMINISTRATION

Appropriations Act, 1995.....	\$26,187,000
Budget Estimate, 1996.....	<u>87,347,000</u>
Increase in Appropriation.....	<u>+61,160,000</u>

Adjustments in 1995:

Appropriations Act, 1995.....	\$26,187,000	
Transfers to USDA agencies:		
OFM to the OCFO.....	-4,477,000	
OSDBU to Executive Operations.....	-707,000	
Transfers from USDA agencies:		
SHM to OP.....	+924,000	
EEO Counselors to OCRE.....	+5,352,000	
CFSA, NRCS to InfoShare.....	<u>+10,382,000</u>	
Total Transfers 1/.....	<u>+11,474,000</u>	
Adjusted base for 1995.....		37,661,000
Budget Estimate, 1996.....		<u>87,347,000</u>
Increase over adjusted 1995.....		<u>+49,686,000</u>

1/ Pursuant to authority provided to the Secretary under the Reorganization Plan 2 of 1953, the former Office of Finance and Management (OFM) is transferred to the Office of the Chief Financial Officer (OCFO) (-\$4,477,000), and the Safety and Health Management function (\$924,000) is transferred from the Office of the Chief Financial Officer to the Office of Personnel. Further, under this authority the Secretary has transferred 65 EEO counselors from USDA agencies to the Office of Civil Rights Enforcement (OCRE) (+\$5,352,000) to consolidate that function within the Department.

Pursuant to authority given to the Secretary in the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994, the Office of Small and Disadvantaged Business Utilization (OSDBU) is transferred from Departmental Administration (DA) to Executive Operations (-\$707,000); and for purposes of comparability resources now appropriated to the Consolidated Farm Service Agency and the Natural Resources and Conservation Service are shown as part of the InfoShare program (\$10,382,000).

DEPARTMENTAL ADMINISTRATION

SUMMARY OF INCREASES AND DECREASES

(on basis of adjusted appropriation)

<u>Item of Change</u>	<u>1995 Estimated</u>	<u>Program Changes</u>	<u>Pay Cost</u>	<u>Other Changes</u>	<u>1996 Estimated</u>
Personnel.....	\$6,458,000	--	+\$120,000	-\$74,000	\$6,504,000
Operations.....	3,245,000	+\$202,000	+64,000	-34,000	3,477,000
Information Resources Mgmt.....	5,973,000	+300,000	+98,000	-40,000	6,331,000
Civil Rights Enforcement.....	9,744,000	--	+100,000	-26,000	9,818,000
Administrative Law Judges and Judicial Officer.....	1,610,000	--	+8,000	+3,000	1,621,000
Disaster Management & Coordination Staff	249,000	--	+4,000	+1,000	254,000
Modernization of Admin. Processes Staff.....	--	+342,000	--	--	342,000
Subtotal, Offices.....	27,279,000	+844,000	+394,000	-170,000	28,347,000
InfoShare.....	10,382,000	+48,618,000	--	--	59,000,000
Total Available.....	37,661,000	+49,462,000	+394,000	-170,000	87,347,000

PROJECT STATEMENT
(On basis of adjusted appropriation)

	1994 Actual		1995 Estimated		Increase or Decrease	1996 Estimated	
	Amount	Staff- Years	Amount	Staff- Years		Amount	Staff- Years
1. Deptl Staff Offices:							
Personnel.....	6,612,000	108	6,458,000	125	+\$46,000	\$6,504,000	120
Operations.....	3,288,000	58	3,245,000	53	+232,000	3,477,000	50
Information Resources Management.....	6,106,000	74	5,973,000	71	+358,000	6,331,000	71
Civil Rights Enforcement.....	6,516,000	94	9,744,000	139	+74,000	9,818,000	159
Admin Law Judges & Judicial Officer	1,466,000	20	1,610,000	19	+11,000	1,621,000	19
DMC Staff.....	254,000	4	249,000	4	+5,000	254,000	4
MAP Staff.....	--	--	--	--	+342,000	342,000	3
Subtotal Offices....	24,242,000	358	27,279,000	411	+1,068,000(1)	28,347,000	426
2. InfoShare.....	21,884,000	8	10,382,000	16	+48,618,000(2)	59,000,000	16
Total DA..... Unobligated Balance.....	92,000	--	--	--	--	--	--
Total available or Estimate.....	46,218,000	366	37,661,000	427	49,686,000	87,347,000	442
Transfer from: USDA Agencies to OCRE for EEO Consolidation	-2,297,000	-37	-5,352,000	-65			
Transfer to:							
OFM to CFO.....	+4,466,000	+64	+4,477,000	+79			
SHM to OP.....	-900,000	-14	-924,000	-14			
OSDBU.....	+698,000	+9	+707,000	+10			
Less InfoShare:							
CFSA.....	-14,317,000	--	-7,000,000	--			
NRCS.....	-7,567,000	--	-3,212,000	--			
CSREES.....	--	--	-170,000	--			
Subtotal InfoShare.	-21,884,000	-8	-10,382,000	-16			
Total, Appropriation..	26,301,000	380	26,187,000	421			

JUSTIFICATION OF INCREASES AND DECREASES

- (1) A net increase of \$1,068,000 for the Departmental Administration Staff Offices comprised of:
- (a) A net increase of \$240,000, which includes \$394,000 for pay costs, \$78,000 for salary adjustments, \$94,000 for inflation, partially offset by an administrative reduction of \$76,000 and staff reductions of \$250,000 as shown in the following table:

Staff Office	Pay Cost	Salary Adjustments	Inflation	Administrative Reduction	Staff Reduction	Net Change
OP	+120,000	+24,000	+27,000	-19,000	-100,000	+\$52,000
OO	+64,000	+12,000	+15,000	-6,000	-50,000	\$35,000
OIRM	+98,000	+19,000	+36,000	-40,000	-50,000	\$63,000
OCRE	+100,000	+17,000	+13,000	-6,000	-50,000	\$74,000
OALJ/JO	+8,000	+6,000	+2,000	-5,000	-	\$11,000
DMCS	+4,000	-	+1,000	-	-	\$5,000
TOTAL:	+394,000	+78,000	+94,000	\$-76,000	\$-250,000	+240,000

These increases are needed to fund costs associated with the anticipated pay raise in fiscal year 1996, annualization of the fiscal year 1995 pay raise, salary adjustments and inflation so that existing levels of mission effort may continue. In support of the Secretary's streamlining efforts and the President's Executive Orders to reduce administrative costs and staff years from the fiscal year 1993 baseline, Departmental Administrative staff offices will reduce both employment and overhead-type costs. Additional funds would be used to cover pay and inflationary cost increases to maintain current levels of effort. Departmental Administration staff offices will reduce administrative costs (\$76,000) and staff years and salary/benefit costs (5 staff years and \$250,000) by streamlining its operations while protecting the gains made in recent years to diversify the workforce.

- (b) A decrease of \$16,000 for anticipated reductions in the cost of the FTS2000 telephone system. This decrease reflects lower long distance telecommunication costs due to price redetermination in the FTS2000 contracts.
- (c) An increase of \$300,000 for the Office of Information Resources Management for Information Infrastructure. The vision and evolution of the National Information Infrastructure (NII) as promulgated by the White House will revolutionize the ability to share information with each other by erasing geographic boundaries. The NII will link four major components: computers, networks, information, and people. USDA, with its geographically diverse working environment, stands to benefit greatly from this information infrastructure.

This future environment will significantly improve the efficiency and economy of many program and support functions. For example, electronic commerce applications integrate communications, data management, and security services, to allow business applications within different organizations to automatically interchange information; promising substantial cost avoidance benefits to the traditionally manual, paper bound procurement process.

Electronic Commerce is only one example of the far reaching impact of these technologies. Another example involves the data communications and information management requirements of policy makers at USDA. The demands of reinventing Team USDA have far exceeded the capabilities of existing systems. Additional support for program leadership and decision making is needed to provide the service the public deserves at the lowest possible cost.

OIRM's role in implementing the NII will be to provide the common standards, and the necessary hardware for communications and networking with the NII to support electronic information exchange applications for all of USDA. This request will provide an investment in enabling technologies which can be applied to benefit every USDA program and administrative process. Since the scope of applications such as Electronic Commerce, Modernization of Administrative Processes (MAP), and InfoShare will continue to grow, additional communications, data management, and security requirements must be developed, new interface standards defined, and increased Local Area Network and Wide Area Network capabilities installed. NII developmental work done to advance the Electronic Commerce pilot project will provide a sound technological foundation for the next generation of USDA information systems. This will also help to provide the timely and effective exchange of program and administrative information at every level of USDA to support the reorganization effort.

This investment will enable OIRM to discover, evaluate and implement emerging telecommunications and information management technologies to more efficiently support program missions and a reorganized USDA. An analysis of technologies to be adapted to USDA needs indicates that the short term intensive specialized studies needed for this initiative could be contracted out to firms which specialize in this work.

(d) An increase of \$342,000 for the Modernization of Administrative Processes (MAP) program.

Over the next several years, the administrative activities of USDA will be undergoing significant change. This change will be driven by factors such as the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994, the National Performance Review (NPR) streamlining goals, passage of legislation emanating from the NPR such as the Federal Acquisition Streamlining Act of 1994, and budgetary reductions. Change will also result from internal factors including the current effort to reengineer, streamline and integrate administrative processes and systems under the leadership of the Modernization of Administrative Processes (MAP) program.

An increased investment in MAP would be used to provide resources to integrate all National Performance Review initiatives affecting administrative activities within USDA; train Departmental Administration personnel in the development of performance measures and monitor that development as required by the Government Performance and Results Act (GPRA); and conduct analyses, evaluations, and studies related to Department-wide administrative functions, and lead strategic planning for Department-wide administrative business areas. This Headquarters-level reinvention activity compliments administrative systems overhaul projects funded by the Working Capital Fund.

Overall, the proposed increase in MAP funding will help assure that the required planning, coordination, integration, and evaluation of cross-cutting issues and activities needed to achieve legislative and executive branch objectives will be performed in an efficient and effective manner. The MAP office will undergo a sunset review in five year cycles.

(e) An increase of \$202,000 for the Office of Operations for procurement reform. Both the Secretary's Procurement Review Task Force and the Federal Acquisition Streamlining Act of 1994 mandate significant changes in the manner in which procurement activities are conducted across government. To achieve this end, this investment will be applied to the accomplishment of thirteen focused procurement reform projects. These changes range from expanded use of simplified methods of acquisition, such as Government credit cards and third party drafts, to the development and implementation of the Federal Acquisition Computer Network (FACNET), which will allow supplies and services to be acquired electronically, to the increase in the small purchasing limit from \$25,000 to as much as \$100,000. Effective implementation of procurement reform initiatives such as these

requires a complete overhaul of the Department's procurement systems. The Office of Operations will lead in developing a process that is more efficient and less time and resource consuming than the current cumbersome process. With additional resources, the Office of Operations will undertake activities that will result in both dollar and staff savings sought by the Administration. Emphasis will be on developing a procurement process that makes it easier for the Government to obtain the goods and services it needs without leaving it more vulnerable to fraud, waste, and abuse. Implementation of NPR initiatives will require overhaul and change to current USDA procurement policies and regulations, provision of support and training to USDA professional procurement staff and other system users on how to operate in the new on-line procurement environment, systems development work on interfaces to Government wide electronic procurement systems and networks, and establishment of demonstration laboratories to test new procurement instruments.

(2) An increase of \$48,618,000 for the InfoShare Program (an increase of \$59,000,000 above the fiscal year 1995 appropriations level). InfoShare represents the Department's strategy to improve customer service and efficiency in its field offices through coordinated and improved business processes, communications, and other technology. InfoShare will effectively facilitate and enable the operational and functional consolidation of USDA field offices. InfoShare will make a difference to the customers of the agricultural, rural development and natural resource agencies in terms of integration and interoperability of ADP systems and integrity of data, provision of easy to use software, and reduced time spent by customers in government offices. Plans are for InfoShare to begin implementation of the field office of the future in fiscal year 1996. This effort will modernize information technology to significantly improve and increase productivity. In fiscal year 1996, InfoShare will deploy three business processes, which will be chosen through Business Process Reengineering, for design, development and implementation. Business process improvement pilot projects will be used as laboratories for testing enhancements and those that are successful will be deployed nationwide. InfoShare also supports the development of a centralized Integrated Strategic Information System for collection, analysis, and access to performance data by constituent agencies beginning in fiscal year 1996.

- (a) An increase of \$2,600,000 for Business Process Analysis. This investment is required to continue Business Process Reengineering -- including the development of appropriate information technology support -- for three selected business processes. These business processes are identified through a process of strategic planning, the establishment of concepts of operations, process mapping, and business process analysis. By the end of fiscal year 1995, three specific business processes will be identified by InfoShare for reengineering. The three projects will be selected on the basis of major benefits in efficiency and effectiveness for the field service centers. Examples of business processes are loan making, determination of eligibility for price support, and conservation planning. The increase is primarily for mid- and long-range Business Process Reengineering analysis, design, and development costs to provide contractor support for process design and software prototyping, as well as other requirements for implementation of the new technologies.
- (b) An increase of \$2,500,000 for Change Management. This investment allows for the development and implementation of a Change Management Plan among the partner agencies to allow for smooth and non-disruptive transitions as the work force advances into the new organizational structure. This new structure is characterized by the consolidation of field offices into the Field Office Service Centers. These Centers will promote the increased and improved automation of information systems, and encourage the shift in organizational culture to an organization in which greater autonomy, authority, and accountability are delegated to field units. The focus for fiscal year 1996 will be on planning and preparing the work force for dramatic changes that will occur in fiscal years 1996 and 1997.

- (c) A decrease of \$569,000 for Business Process Improvements. Pilot efforts begun last fiscal year are nearing completion. A continuation of resources is needed to finish this work. The Business Process Improvements pilot projects, GIS/Common Land Unit, Conservation Compliance, Planetor, PLANTS, and Farm Summary have been implemented in a few sites. The lessons learned during implementation have lead to a deeper understanding of the need for and benefits of interoperability and integration of data systems in the field service centers. Resources are needed to continue at a minimum level to support the testing of business process improvements in a technical, pilot setting prior to field testing, evaluation, and further deployment of the pilot projects.
- (d) An increase of \$624,000 for Program Management. This investment supports the program management of InfoShare, including all salaries and expenses for a permanent management staff that will support core activities of InfoShare for the partner agencies. This reflects an increase for salaries and inflation, travel costs for the core staff, and contract services for studies that support agencies' reengineering efforts.
- (e) An increase of \$43,463,000 for Information Technology. This investment supports field office consolidation and restructuring by financing the acquisition of telecommunications systems, cost effectiveness studies, hardware and software to support implementation of local and wide-area networks. The added resources will allow for the consolidation of voice and data systems, and provide adequate computer security measures to protect confidential government and customer information pursuant to the Privacy Act. Funding is critical to prevent disruption of service to customers. This supports a major part of the InfoShare vision to provide services from multiple locations and databases to customers in a manner that is transparent to them and supports one-stop shopping.

InfoShare has been refocused to provide leadership and guidance and to enable the partner agencies as they carry out business process analyses; to improve their business processes and to make the conduct of their programs and activities more effective; and to help the partner agencies manage effectively the changes needed in response to the reorganization of the Department, streamlining, and consolidation initiatives. These leadership activities will be funded by the appropriated funds requested under this appropriation.

However, the parts of the InfoShare program that are either more technology driven, such as legacy systems modernization, or subject to restrictions by law will be funded directly by the partner agencies from other fund sources. For example, under the Consolidated Farm Service Agency (CFSA), the replacement of the IBM system 36 computers will be carried out directly by the agency using Commodity Credit Corporation funding. Similarly, the former Federal Crop Insurance Corporation information technology modernization initiative under InfoShare will be directly funded by the CFSA. The work under the Natural Resources and Conservation Service that is related to legacy systems modernization will be obligated from that agency's funds.

Funding for InfoShare activities will be provided as follows:

Activity	FY 1995	FY 1996	Change
Business Process Analysis.....	\$1,900,000	\$4,500,000	+\$2,600,000
ChangeManagement.....	500,000	3,000,000	+2,500,000
Business Process Improvement....	1,336,000	767,000	-569,000
Kentucky Pilot.....	600,000	600,000	--
Program Management.....	3,046,000	3,670,000	+624,000
InformationTechnology.....	3,000,000	46,463,000	+43,463,000
Subtotal, Depart'l Administration	10,382,000	59,000,000	\$48,618,000
Partner Agencies:			
Legacy Systems.....	7,000,000	105,126,000	+98,126,000
Business Process Improvement....	2,165,000	1,489,000	-676,000
Total InfoShare.....	19,547,000	165,615,000	+146,068,000

InfoShare Program Level Funding

InfoShare Fund Source:	FY 1995	FY 1996	Change
Departmental Administration....	\$10,382,000 ^{1/}	\$59,000,000	+\$48,618,000
<u>Other Funds:</u>			
CCC.....	5,165,000	91,815,000	+86,650,000
Partner Agencies.....	4,000,000	14,800,000	+10,800,000
Program Level, InfoShare..	\$19,547,000	\$165,615,000	\$146,068,000

^{1/} Funded by partner agencies.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS

1994 and Estimated 1995 and 1996

	1994		1995		1996	
	<u>Amount</u>	<u>Staff-Years</u>	<u>Amount</u>	<u>Staff-Years</u>	<u>Amount</u>	<u>Staff-Years</u>
District of Columbia.....	\$46,126,000	366	\$37,661,000	427	\$87,347,000	442
Unobligated Balance....	92,000	--	--	--	--	--
Total, Available or Estimate.....	46,218,000	366	37,661,000	427	87,347,000	442

DEPARTMENTAL ADMINISTRATION

STATUS OF PROGRAM

OFFICE OF PERSONNEL

The Office of Personnel (OP) provides overall direction and leadership, and promotes innovation for USDA human resources management programs and initiatives, including Work Force Diversity. OP provides leadership for and coordinates the Department's personnel management program in major functional areas such as: recruitment and employment, employee and labor relations, compensation and performance management, training policy and executive development, personnel management information systems, payroll/personnel systems, and personnel management evaluations. Following consultation with cross serviced agencies, it establishes policy for the USDA payroll/personnel system which services 450,000 Federal employees. In addition, OP provides day-to-day operating personnel services to the Office of the Secretary and Departmental Staff Offices.

Current Activities:

1. Work Force Diversity. In cooperation with the 1890 Historically Black Land Grant Institutions, the Department continued with the USDA/1890 National Scholars Program to attract and assist outstanding students to careers in agriculture. USDA provides full tuition, fees, books, and a personal computer and software for competitively selected students pursuing a bachelors degree at one of the seventeen 1890 Institutions. Each 1890 Institution provides room and board for each scholar. In fiscal year 1994, the program provided jobs and scholarships for 34 highly qualified students with high SAT or ACT scores and high school grades, and a record of leadership and good citizenship. This increases the total number of participants to 80 students. In fiscal year 1994, USDA employed 1,192 employees with targeted disabilities or 1.26 percent of the permanent work force, up from 1.25 percent in fiscal year 1993.
2. Labor Management Relations (LMR). Executive Order 12871 on Partnership Councils requires USDA to form partnerships with unions, provide labor relations training to managers, employees, and union representatives, and increase the scope of bargaining to include the previously permissive subjects of bargaining. OP took the lead in establishing the USDA Partnership Council and provides guidance to the agencies on the formation of partnership councils at the level of recognition within the agencies. OP also provides guidance to the agencies on the inception of bargaining on the previously permissive areas, labor relations training, and the process of ensuring that unions have predecisional involvement in reorganization planning.
3. USDA Reorganization. OP developed the Department's rightsizing plan to achieve mandated employment reductions and support the Department's restructuring and reinventing initiatives. In addition, OP is responsible for monitoring, analyzing and reporting the streamlining progress on a Departmental level. OP oversees the early out and buy out activities as related to streamlining. USDA received delegation from the Office of Personnel Management for administration of the early out authority at the Department level. Limited buy out authority was granted to USDA as a means to help meet the required staffing reductions over the next five years. OP coordinated the establishment of two Career Transition Resource Centers to provide employment opportunity information to USDA employees.
4. Reinventing Personnel. OP implemented the Alternative Merit Promotion System, a "reinvented" system for hiring internal job candidates to fill vacancies. Managers have flexibility in the kind of application materials they request from candidates and candidate evaluation methods. The system utilizes the knowledge, skills and abilities identified in the position description as the basis for the evaluation. OP is participating in the pilot testing of a "paperless" personnel request system (PERSACTION). This

automated system, developed by Navy, reduces the paperwork involved in personnel actions. PERSACTION also provides a means of tracking the action throughout the processing cycle, giving the supervisor and employee timely information about the action. OP reviewed and analyzed the Employee Express system from OPM. This automated system uses either a touchtone telephone or a kiosk to permit employees to update information in their own personnel records. Approximately 30 percent of the changes to personnel records is information that employees could update themselves without the help of a personnel assistant.

5. Senior Executive Service Candidate Development Program (SESCDP). Forty USDA employees will participate in the third cycle of the Department's innovative SESCO program, which will begin in January 1995. The quality and diversity of candidates in the first and second programs are exceptional. Forty-nine percent of the candidates in the second program were women and minorities, a marked increase compared to USDA's existing SES work force where 8.7 percent are members of a minority group and 12.6 percent are women. Thirty-seven individuals from this program have already been appointed to the SES. Twenty-five of these are members of a minority group and eleven are women.

Selected Examples of Recent Progress:

1. Career Transition Resource Center. In fiscal year 1994, OP with the assistance of the other USDA agencies established two Career Transition Resource Centers, located in Washington, D.C. and Kansas City, MO. These centers provide on-line job information via a touchscreen computer connected to the OPM Government-wide vacancy listing, and computer terminals with SF-171 software and retirement software. The centers also have information and training sessions on resume writing, preparing a SF-171, interview techniques and "Dressing for Success." Vacancy announcements and information on career opportunities in other Federal agencies are also displayed inside the centers.

2. National Performance Review (NPR) Activities/Reinventing Personnel Administration. In conjunction with the abolishment of the Federal Personnel Manual upon the recommendation of the NPR, OP coordinated the "sunset" of the Department Personnel Manual (DPM). Approximately 75 percent of the DPM has been identified for immediate abolishment. OP has agency support to work with a consortium of Federal agencies to develop a Human Resource communications system using the Internet, combined with alternate distribution using CD-ROM technology. In addition, OP is forming a USDA project team to develop a vision of how communications technologies can assist personnelists in their role as internal consultants.

3. Video-Teleconferencing. In April 1994, OP hosted a video teleconference entitled "Streamlining, Staffing, and Recruitment" broadcasted across the nation. The Departments of Defense and Interior, and the Office of Personnel Management participated producing segments and making the teleconference available to their employees. The viewing personnelists were given an opportunity to ask on-line questions. The estimated audience was over 3,000 employees. In the last two years, five Personnel Leadership Forums featuring high quality speakers and panel discussions on major human resources issues have been held in Washington, D.C., and broadcast to USDA teleconference sites nationwide.

4. Participation in Bargaining Units. USDA was the first Department with national consultation rights to sign a partnership agreement with a union. OP has coordinated the process of ensuring that unions have predecisional involvement in reorganization planning. USDA is affected by the new requirement that unions have predecisional involvement in reorganizations as well as the right under the Labor Relations Statute to negotiate on the impact and implementation after the reorganization plans are approved. Within recent months, five major new bargaining units have been established in USDA.

5. Celebration of Excellence. OP planned and coordinated the Second Annual Celebration of Excellence Ceremony. More than 2,000 USDA employees attended this Departmental event. OP provided the

operational support in planning the event which again proved to be a successful means of celebrating the employees at USDA.

OFFICE OF OPERATIONS

The Office of Operations (OO) provides Departmental policy, oversight, and guidance for the management of real and personal property, procurement, contracts, transportation, supply, motor vehicles, aircraft, recycling, mail management, and energy conservation. Certain centralized administrative services are also provided in Washington, D.C., including headquarters facilities management; mail processing; acquisition, warehousing, and distribution of forms, publications, and office supplies; reproduction and copying services; shipping and receiving; imprest fund; automated procurement; and administrative support to the Office of the Secretary.

Current Activities:

1. Government Credit Card. OO continues to provide program management, training and oversight for the national credit card program. USDA's number of cardholders continues to rise; over 200 additional cardholders were added in fiscal year 1994 alone, totalling 6,010 cardholders Department-wide. Expenditures through the card have also continued to increase; over \$34 million in procurement requirements were processed using this method in fiscal year 1994. This represents an increase of approximately \$11 million or 48 percent over the prior fiscal year. Based upon a report by the Procurement Executives Association, use of the card cuts administrative processing costs by \$53.77 per transaction when compared with traditional Government purchasing and payment methods. In accordance with the National Performance Review, OO continues to provide support to the agencies in expanding the use of the card, increasing dollar thresholds for card usage, and in participating in the USDA Modernization of Administrative Processes (MAP) Project Office initiative to improve the card's "back-end" systems such as reconciliation and payments in order to yield even greater administrative cost savings.

2. Procurement Professionalism Program Policy - Training for Contract Personnel. The Department is presently implementing the Office of Federal Procurement Policy (OFPP) Policy Letter 92-3, which establishes a standard for procurement systems. Under the new guidance, the Agency Head must ensure that contracting personnel either complete a series of competency based training courses or demonstrate their competence to perform contract duties through alternative means. To meet this goal, the Department will provide procurement personnel with quality training that is consistent from one training location to another. As instructed by the Secretary, OO developed a competency based contracting officer warrant system during fiscal year 1994. In addition to establishing standards for procurement systems, OFPP Policy Letter 92-3 also directed the Department to establish an electronic tracking system for certifying and reporting the completion of all required competency based and on-the-job-training. During fiscal year 1995, OO plans to fully implement all aspects of the program, including working closely with the Office of Personnel in developing an electronic system with a database capable of tracking 3,000 procurement personnel.

Selected Examples of Recent Progress:

1. Electronic Commerce (EC). Executive Order 12873 dated October 20, 1993, mandated that executive agencies implement an EC system. A subsequent Presidential Memorandum dated October 26, 1993, established the milestones for EC implementation. OO/Procurement Policy Division (PPD), teamed with Agricultural Stabilization and Conservation Service, successfully implemented the first milestone in the EC system. This effort involved developing and implementing a pilot system which electronically transmits or receives the following procurement instruments: requests for quotation, quotations, purchase orders, and notices of award. This milestone was achieved in advance of the deadline established by the President. The Department of Education (DoED), using our system, successfully completed the pilot as well. USDA and

DoED were two of fewer than 20 major Departments and Administrations to complete the milestone on or in advance of schedule. OO is continuing to provide program management and operational leadership in partnership with the Chief Financial Officer (CFO), MAP, Office of Information Resources Management (OIRM) and other offices to achieve the remaining EC milestones, including: finalization of system software, installation, testing and implementation of network and gateway systems, training and connection with the DoD virtual network, USDA financial and property systems, etc.

2. Third Party Draft. In fiscal year 1994, OO awarded the contract to provide the Third Party Draft System (TPDS) USDA-wide. TPDS is essentially a bank-style draft which agencies can use for small purchases which augments the other procurement tools available. OO provides program management, training, oversight and general assistance for TPDS. The intent of TPDS is to improve USDA's procurement operations through increased efficiency and reduced administrative processing costs over traditional procedures, such as the AD-744 Field Purchase Order, imprest fund, and AD-838 Purchase Order. OO has developed an initial TPDS Departmental Regulation, and has initiated pilot TPDS programs in two agencies. OO estimates that it will bring ten additional agencies into the program. The final Departmental Regulation will be issued in fiscal year 1996.

3. USDA Recycling Program. The Deputy Assistant Secretary for Administration was designated as the Departmental Environmental Executive responsible for implementing the provisions of E.O. 12873, Federal Acquisition, Recycling, and Waste Prevention, signed October 20, 1993. USDA has issued a retread tire policy, an alternative fuels policy, and is aggressively promoting the use of soybean inks for printing. In accord with the provisions of the Executive Order, the USDA Affirmative Procurement Plan for purchase of recycled products and USDA goals for solid waste prevention and recycling are planned for issuance in fiscal year 1995. USDA agencies have initiated a number of projects to promote the use of recycled content products. These include research lab development of new commercial uses for scrap pulp, pilot testing of products such as recycled paint, and employee awareness programs.

4. Improved Property Management. OO promoted the use of excess personal property, especially military excess resulting from base closures, to prevent unnecessary procurement. In fiscal year 1994, USDA obtained excess personal property valued at over \$300 million. In concert with the USDA 1890 and Hispanic Institutional Task Forces, OO continued efforts to expand the acquisition and use of excess property by institutions. In fiscal year 1994, property valued at over \$25 million was transferred to support research and educational programs at minority institutions.

5. Alternative Fuels and Alternative Fuel Vehicles (AFVs). As of the end of fiscal year 1994, Forest Service (FS) and Soil Conservation Service (SCS), have acquired or converted 155 vehicles to alternative fuels. This includes E-85 (ethanol), M-85 (methanol), and CNG (compressed natural gas). The FS also had pending contracts to convert at least 100 more vehicles to alternative fuels in the near future. Through an Interagency Agreement between USDA and the Department of Energy, we have used \$200,000 to cover the incremental cost difference between conventionally-fueled vehicles and AFVs. We are in the process of preparing the fiscal year 1995 plan to receive additional dollars.

OO has also entered into an Interagency Agreement with the Forest Service San Dimas Technology and Development Center to investigate the technical and marketing feasibility of biodiesel fuel, including identifying the major technical, regulatory, and economic barriers to the commercialization of biodiesel. This agreement is a combined effort among the Office of Operations, Office of Energy, Agricultural Research Service, Cooperative State Research Service, and the Alternative Agricultural Research and Commercialization Center.

6. Utilization Surveys. In accordance with Federal Real Property Management E.O. 12512 and the Department's utilization program, OO provided oversight to surveys of 38 real properties consisting of more than 21,277 acres of land with a fair market value of over \$87.2 million. OO coordinated with the Department's land holding agencies to report land improvements valued at \$1,176,855 as excess to GSA.

7. Kansas City, Missouri, and Davis Collocation Projects. OO is coordinating two major collocation efforts which will combine multiple operations and maximize opportunities for resource sharing. The Kansas City initiative will require approximately 550,000 square feet of space and house 2,200 personnel from ten agencies. Consolidating various functions and facilities will result in savings estimated at \$25 million over a 20-year period. A move date will be determined based on GSA's decision to buy an existing building or lease a building to be constructed. The prospectus for funding the project is currently being considered by the Office of Management and Budget (OMB) before submission to Congress. The Davis project will house 300 employees from eight agencies in approximately 70,000 square feet of space. Completion is scheduled for late 1996 and savings are estimated at over \$3 million from combining facilities and sharing resources.

8. Reinvention Lab for Mail Management. OO has created a Reinvention Lab for Mail Management both in D.C. and Nationwide. In the D.C. metropolitan area, we have formed a Government-wide committee to study how to improve mail delivery and reduce cost. Nationwide, we have directed agencies to empower local field office managers with direct responsibility for managing their postal budget. This will provide an incentive to eliminate wasteful mailing practices and empower field offices to control their own postal expenditures. This initiative began in 1993 and resulted in a \$1,600,000 reduction in postage cost. This is a continuation of USDA's efforts to control costs which have resulted in a \$5,000,000 reduction in postage since 1989.

OFFICE OF INFORMATION RESOURCES MANAGEMENT

The Office of Information Resources Management (OIRM) provides Department-wide policy guidance, leadership, coordination and direction to the Department's information management and information technology activities in support of USDA program delivery. The office provides long-range IRM planning guidance, performs reviews of agency IRM programs, coordinates inter-agency IRM projects, and defines and implements standards to promote information sharing. The office also manages Departmental telecommunications programs and operates the National Computer Center at Kansas City, Missouri and Fort Collins, Colorado.

Current Activities:

1. National Performance Review - Information Technology (NPR-IT). OIRM will facilitate the development of USDA's telecommunications and information technology infrastructure in support of the National Information Infrastructure (NII). This initiative will be accomplished by sharing and exchanging information through data management, using open systems and applying NIST developed standards. The USDA infrastructure will improve agency program delivery and support the NPR-IT goals and objectives of an electronic government in the areas of: electronic commerce, electronic mail, electronic data interchange, public access to government information and services.

2. USDA Internet Access. OIRM is working through the Information Resources Management Council (IRMC), Telecommunications Subcouncil to complete the implementation of an Internet access strategy, including provisioning for security, for all agencies located in the Washington Metropolitan Area. This project supports the Strategic Telecommunications Plan's vision for USDA-wide access to the resources of the Internet.

3. Government Information Technology Services (GITS). OIRM is providing continuing support for initiatives led by the GITS Working Group. OIRM is actively participating and collaborating in the Federal Information Resources Management Policy Council (FIRMPOC) Federal Integrated Services Panel, Interagency E-Mail Users Working Group, and Directory and Registration Working Group. These initiatives will promote the exchange of information Government-wide.

4. Information Technology Program/Project Management Guidelines. In response to recent reports from oversight authorities as well as internal teams, the Planning, Review and Standards Division (PRSD) is currently developing a Departmental Regulation (DR) and an accompanying Departmental Manual (DM) to provide guidance to the agencies and staff offices of USDA on the management of large information systems programs and projects. OIRM is assembling an interagency team composed of successful project managers and other qualified individuals to support this effort.

5. Outreach for Small and Disadvantaged Businesses Desiring to do Business with USDA. The Planning, Review and Standards Division (PRSD) of OIRM has begun work with the Office of Small and Disadvantaged Business Utilization to provide information to give beginning small and disadvantaged businesses knowledge of USDA Information Technology (IT) business area practices, trends, projects, procedures and contacts. Topics will cover the basic organizational structure of USDA (including business areas by agency), requirements for USDA IT acquisitions, and current and expected IT projects within USDA.

Selected Examples of Recent Progress:

1. Data Administration. OIRM has developed and issued Policy for the USDA Data Administration Program. The development of the policy was a collaborative effort. A high level USDA Data Administration Model was developed. The model outlines the inputs, constraints, outputs and mechanisms of the four major activities of the data administration program. In addition, a final draft for Data Element Standardization Procedures has been completed.

2. Elimination of One-Half of Internal Management Regulations. OIRM in conjunction with USDA agencies and staff offices developed a plan and approach to reduce internal management regulations by 50 percent. Agencies submitted progress reports and plans for complying with E.O. 12861. Several agencies have made substantial reductions two years prior to the 1996 deadline, including the Office of Communications (72 percent), Food and Nutrition Service (45 percent), Forest Service (32 percent) and the Economics agencies (37 percent).

3. Customer Surveys. OIRM provided assistance and guidance for the development of a blanket USDA Information Collection Request and received OMB approval for USDA to conduct customer surveys. Also, assistance and guidance was provided to agencies and staff offices for the development of customer service information collection requests.

4. Interagency IRM Planning Executive Committee (IIPPEC). OIRM created the Interagency IRM Planning Executive Committee. This Committee will be instrumental in strengthening partnerships between program offices and IRM. IIPPEC will further advance USDA's commitment to provide higher quality services, delivered more effectively, faster, and at a lower cost to its customers. IIPPEC members will act as change agents in moving the Department to this desired future condition.

OFFICE OF CIVIL RIGHTS ENFORCEMENT

The Office of Civil Rights Enforcement (OCRE) provides overall policy and program guidance, leadership, coordination and direction for the Department's civil rights and equal opportunity programs; plans and coordinates the participation of Women, Hispanic, Blacks, Native Americans, persons with disabilities, minority colleges and universities, etc., in Departmental programs; and directs and monitors agency compliance in promoting full and open competition in the Department's contracting process.

Current Activities:

Steps are currently being taken to reorganize administrative functions in the Department's mission areas. This will help increase management control and accountability in carrying out the Department's civil rights policies and objectives. The proposed changes include the following:

Consolidation of Counseling and Mediation Function. On September 26, 1994, the Secretary of Agriculture signed Memorandum 1020-40 consolidating the EEO counseling and mediation function within OCRE. Previously, the counseling and mediation function was decentralized among Departmental agencies. The memorandum also authorized the transfer of agency personnel, space and property devoted to the counseling and mediation function.

To better serve the Department, regional service centers have been approved for Atlanta, New Orleans, Denver, California, Kansas and Washington, D.C. Through these locations, OCRE will provide easier access to users and more rapid and effective resolution of EEO complaints.

Selected Examples of Recent Progress:

1. Disputes Resolution Board. The Disputes Resolution Board (DRB) completed a full year of operation in fiscal year 1994. The task of the DRB was to assist complainants and managers to achieve a voluntary resolution to formal EEO complaints. Of 171 cases during the year, 147 were closed with relief (135 resolution agreements and 12 full relief dismissals), 8 were closed with no relief (2 withdrawals and 6 dismissals), and 16 were not closed (13 continued in the process and 3 are still pending further resolution discussions). This represents a closure rate of 91 percent. Average processing time for all cases at the DRB was 61 days. The 147 closures avoided investigation costs of approximately \$3,500 per case, and direct hearing costs of \$5,000 to \$10,000 per case, for a minimum of \$1.25 million.

2. Special Emphasis Programs. In fiscal year 1994, OCRE sponsored nine seminars; three Management Development Seminars for Senior Level Women and three Career Development Seminars for Mid-level Women; and three management seminars for senior level African American males. A total of 180 women and 90 males received the five day residential training. Feedback from the participants of the Career Development Seminars indicated that the entire seminar was beneficial and contributed to their defining specific career goals. They strongly recommended that the seminar be offered in the future. The participants in the Management Development Seminar also indicated that the entire seminar was beneficial, helped them to establish better working relationships, and should be offered to other senior level women in the future.

The participants in the Management Seminar for African American Males stated that the program including the seminar was beneficial for both professional and personal development and identified unique factors that have an impact on the status of African American males in the workforce.

A Career Enhancement Training Program was held for mid-level and senior Asian Pacific American employees. This training enabled participants to develop good Individual Development Plans and improved communication skills.

The USDA Hispanic Academies Initiative at the middle and high school levels was approved for implementation. The academies will provide students with early science, mathematics, engineering and other agriculture related career field experiences with mentors and role models to enhance student self-confidence, interest and desire to achieve in science related fields.

OCRE planned, coordinated and conducted the 1994 Annual Hispanic Employment Program (HEP) Town Hall Management Training Conference held on June 1994. The objectives of the conference were to: (1) brief participants on agency Title VII and VI responsibilities and accomplishments, (2) keep managers

abreast of USDA's accomplishments, new initiatives and direction, and (3) discuss overall government-wide HEP issues.

The USDA Hispanic Mentoring Program was approved for implementation. The first phase of this initiative started in September 1994 in the Washington, D.C. Metropolitan area. The initiative is designed to reach out to the Hispanic community and develop a much needed pipeline to help us increase the representation of Hispanic Americans in USDA's workforce.

Under the Small or Limited Resource Farmer/Rancher Outreach initiative, OCRE planned and coordinated with FmHA to conduct a Rural America Conference targeted to providing programs and services to the Hispanic Community. OCRE also in coordination with 1890 Land Grant Colleges and Universities, Hispanic Serving Institutions and Farmers Home Administration State Directors developed the guidelines for an Incubator Farm Initiative. This will provide help for those wanting to go into alternative farming. In addition, OCRE conducted a series of small farmer town hall meetings in Puerto Rico. This was a multi-agency, "TEAM USDA" initiative. Over 300 farmers attended these meetings.

3. Title VI Program Discrimination. In fiscal year 1994, OCRE received 379 complaints, 14 fewer than fiscal year 1993. This represents a four percent decrease in the number of complaints received. In December 1993, OCRE adopted a formal alternative dispute resolution method to resolve complaints through the negotiated settlement agreement. During the 10 months this method has been in place, OCRE negotiated settlements to 29 complaints, 11 percent of the total number of complaints closed during fiscal year 1994 (267). This method enables complaints to be processed faster than through the routine preliminary inquiry method.

During fiscal year 1994, OCRE issued five compliance review reports and conducted two comprehensive on-site civil rights compliance reviews. During a six-month period in fiscal year 1994, OCRE participated in a U.S. Commission on Civil Rights Title VI Enforcement Survey. In addition to written submissions, OCRE conducted briefings and interviews with Commission representatives and provided a historical overview of Title VI enforcement activities within USDA. Further, OCRE coordinated USDA-wide agency responses to the survey. OCRE developed a draft regulation and an eight-year review schedule for evaluation of USDA agency civil rights programs.

4. Equal Employment Opportunity Complaint. Equal Employment Opportunity Counselors throughout the Department reported 1,972 informal contacts involving alleged EEO discrimination for fiscal year 1994. There were 667 formal complaints of discrimination filed with the Employment Complaints Adjudication Division (ECA). ECA issued 160 final agency decisions on complaints, while 207 complaints were closed by settlement or withdrawals.

5. Civil Rights Training. OCRE developed a civil rights training video for USDA field level employees who provide services to the public. Seven technical assistance workshops were conducted to train agency civil rights staff in compliance responsibilities.

OFFICE OF ADMINISTRATIVE LAW JUDGES/JUDICIAL OFFICER

The Office of Administrative Law Judges consists of five Judges, who conduct rulemaking and adjudicatory hearings throughout the United States in proceedings subject to the Administrative Procedure Act (APA), 5 U.S.C. 554 *et seq.* There are approximately 37 statutes administered by agencies within the Department of Agriculture requiring APA hearings. The Judges issue initial decisions and orders in adjudicatory proceedings, which become final decisions of the Secretary unless appealed to the Secretary's Judicial Officer by a party to the proceedings. Final consent orders are issued by the Judges following hearings or upon waiver of hearing. In addition, the Judges perform related duties, which are consistent with their

duties under the APA, such as the Chief Judge's performance of administrative duties and the conduct of appropriate non-APA hearings.

The Judicial Officer serves as final deciding officer, in place of the Secretary, in regulatory proceedings of a quasi-judicial nature. These include appeals from the Administrative Law Judge's initial decisions, and reparation proceedings under the Perishable Agricultural Commodities Act and the Packers and Stockyards Act, which do not require hearings before Administrative Law Judges under the APA. Any party to a proceeding may appeal an Administrative Law Judge's initial decision to the Judicial Officer. Oral argument before the Judicial Officer is discretionary. The Judicial Officer also rules upon matters arising in proceedings that are certified by the Administrative Law Judges.

The Office of the Hearing Clerk receives, files and serves pleadings, briefs, and decisions. It maintains the official records of the Department (including the transcripts of adjudicatory and rulemaking hearings) and in the event of an appeal, certifies such records to the Court of Appeals or District Court for subsequent review. The Hearing Clerk is responsible for publication of Agriculture Decisions, the official compilation of quasi-judicial and judicial decisions issued under regulatory laws administered by the Department.

In addition to processing cases that come before Administrative Law Judges, the Hearing Clerk's Office processed the following in fiscal year 1994:

Perishable Agricultural Commodities Act:	
Reparation Cases.....	393
Packers and Stockyards Act Reparation Cases.....	13
Certification and Authentication of Documents.....	65
Certification of Administrative Records to	
Federal Courts.....	20
Board of Contracts Appeals:	
Scheduling/Canceling Reporting Service.....	35

The following table indicates the number of hearings held by Administrative Law Judges during the past 3 fiscal years, together with the number of initial decisions after hearings, initial decisions upon default, and final consent orders following hearing or upon waiver of hearing. At the end of fiscal year 1994, 101 cases were pending before the Judges, of which 52 were scheduled for hearings.

HEARINGS AND DISPOSITIONS (Adjudicatory; Unless Otherwise Indicated)						
TYPE OF PROCEEDING	Fiscal year 1992		Fiscal year 1993		Fiscal year 1994	
	Hearings	Dispositions	Hearings	Dispositions	Hearings	Dispositions
AGRICULTURAL MARKETING AGREEMENT, 1937:						
Adjudicatory	--	11	--	3	7	10
Rule-Making	3	1	3	5	11	10
Inspection & Grading	--	--	--	1	--	--
ANIMAL QUARANTINE & RELATED LAWS:						
Veterinary Accreditation	2	7	1	4	1	4
Animal Quarantine	1	72	5	67	3	63
Plant Quarantine	2	121	3	140	3	102
Animal Welfare Act	4	44	4	21	6	42
Beef Promotion Research Act	--	2	--	1	--	1
Egg Research & Consumer Information Act	--	--	--	1	--	1
Fluid Milk Promotion	--	--	--	1	--	--
Debarment, Nonprocurement Susp.	--	2	--	--	--	5
Meat/Poultry Inspection	1	8	2	4	2	10
Nat'l Dairy Promotion & Research Board	--	--	--	--	1	--
OTHER LAWS & PROCEEDINGS:						
Forest Service Sourcing: Area Applications	--	4	--	--	3	6
Grain Standards Act	--	--	--	--	--	1
Honey Research Promotion: Consumer Information	--	--	--	1	--	--
Horse Protection Act	22	149	13	87	4	77
Inspection & Grading	--	1	--	1	--	3
Packers & Stockyards	3	81	5	108	5	64
Pork Promotion, Research & Consumer Information Act	--	--	--	3	--	--
Perishable Agricultural Commodities Act	4	61	5	60	11	59
Potato Research & Promotion Act	1	1	--	--	--	1
Tobacco Inspection Price Support (Rule)	--	--	--	1	1	1
Watermelon Research Promotion Act	--	--	--	--	--	1
TOTALS	43	565	41	509	58	461

DISASTER MANAGEMENT AND COORDINATION STAFF

Disaster Management and Coordination Staff (DMCS) serves as the Department's focal point for coordinating emergency planning and response activities and is the primary contact with the Federal Emergency Management Agency and other Federal departments and agencies with emergency responsibilities. DMCS establishes emergency policy and manages emergency activities of the Department to ensure that a structure is in place to assess the impact of a disaster on food production, processing, and storage facilities, and that food and assistance programs are available in disaster areas. DMCS provides leadership, guidance, direction, and coordination to Regional Emergency Management Teams, 50 USDA

State Emergency Boards and Puerto Rico and the Virgin Islands, and some 2,700 USDA County Emergency Boards. DMCS provides representation on the NATO Food and Agriculture Planning Committee and other international committees dealing with emergency activities relating to food and agriculture.

Current Activities:

1. USDA Emergency Response Structure. A process analysis, review and assessment of the USDA emergency response structure with a view toward improving responsiveness is currently underway. After completion, DMCS will establish a comprehensive training program for USDA emergency personnel covering national security, natural disasters, technological, and other types of emergencies. DMCS also will coordinate Department Headquarters and field participation in NATO Civil/Military Exercise-94, Canadian Exercise, Global-95, Radiological exercises, Chemical Stockpile Emergency Preparedness Plan exercises, and Response-95.
2. USDA Reorganization. The DMCS staff is monitoring the reorganization activities of the Department to ensure continued readiness to respond to emergencies during this period and ensure that all emergency programs responsibilities are accounted for in the new USDA organization structure.
3. Department Regulations, Handbooks and Guidance. As the USDA reorganization proceeds, DMCS will begin updating Departmental Regulations, handbooks, and other guidance documents that impact upon the operation of the USDA emergency response structure at the Headquarters level, and at the regional, State, and county levels.
4. Federal Emergency Management Agency. The reorganization activities of the Federal Emergency Management Agency are almost completed. DMCS continues to monitor activities to ensure that appropriate coordination is established.
5. International Emergency Planning. DMCS provides representation to the US/Canada Civil Emergency Planning Programs, and to the NATO, Food and Agriculture Planning Committee, in support of NATO and, more particularly, U.S. initiatives, such as Partnership for Peace.

INFOSHARE

CONSOLIDATED STATUS OF PROGRAM

This customer-oriented program within the United States Department of Agriculture (USDA) will help improve the program delivery of the Consolidated Farm Service Agency, the rural development and the natural resource agencies to the American public through business process reengineering and systems integration. The program was recently refocused by the InfoShare Executive Committee, which is comprised of senior executives from the farm service, rural development, and natural resources agencies.

Business Analysis

InfoShare Support for the USDA Field Office Consolidation The success of a streamlined USDA relies on an integrated field office. The InfoShare vision is a partnership among agricultural, rural development, natural resource agencies and the customer to provide improved service at less cost, where customers experience that they are being served by only one agency: Team USDA. Under InfoShare, Business Analysis initiatives will focus on reengineering field business processes common to the partner agencies, thereby improving the delivery of services to USDA customers.

Field Office of the Future Study

Selected Examples of Recent Progress

Representatives of the Partnership Agencies conducted 50 focus groups in 11 states to determine customer expectations and frameworks for change relating to the USDA field office of the future.

Current Activities

Development of Strategic and Performance Plans Business Analysis efforts planned for fiscal year 1995 include the development of a strategic plan and a performance plan for InfoShare. The strategic plan will serve as the foundation upon which all other activities associated with InfoShare will be initiated and justified. The performance plan will establish measurable criteria for monitoring the progress of InfoShare activities. Both the strategic and performance plans will be in compliance with the guidelines set forth in the Government Performance and Results Act.

Business Process Reengineering as a Means of Supporting Incremental Process Improvement

The InfoShare strategic plan will serve as a logical stepping stone for implementing business process reengineering (BPR). BPR will serve as the primary strategy under InfoShare for improving the delivery of services to customers. Once processes are redesigned, partner agencies will then procure modern technology to support business needs. During fiscal year 1995, activities to support business process reengineering will include the definition of a BPR methodology, identification of core business processes, and selection of an initial BPR project. The strategy for successfully conducting each BPR project includes soliciting the involvement of program personnel from each partner agency, providing training and facilitation by experienced professionals (i.e., outside contractors), ongoing analyses of the project successes and areas requiring improvement, and coordination with other InfoShare activities.

Change Management

Current Activities

Change Management as the Backbone of InfoShare The management of human, social, and cultural issues associated with change is critical to ensuring success in any large endeavor. Within InfoShare, change management will serve as the backbone structure holding the Business Analysis and technology modernization initiatives together. Plans developed to address communications, education and training, and human resources will proactively support change resulting from business process reengineering, organizational restructuring, and technology implementation.

Change Management Steering Committee An expert facilitator will work with an InfoShare Change Management Steering Committee, which will be comprised of a mix of management, human resources, and training personnel from the partner agencies. The committee will ensure that the shared objectives, as well as the mission unique requirements of the partners, are addressed. The goal will be to develop a cadre of USDA change managers as the change management program is institutionalized within USDA.

Change Management Plan A Change Management Plan will be developed during fiscal year 1995 to link the dynamics of operational, organizational, and technological changes with a strategy for dealing directly with the normal human/social/cultural resistance to change that must be anticipated in a major impact program such as InfoShare. The focus of the Change Management Plan will be on interagency relations, where stovepipe organizations and clear lines of authority will become obscured as interagency cooperation and team efforts emerge as the primary mode of operations for program delivery throughout USDA. Three main components: communications, education and training, and human resources will be developed to the InfoShare strategic plan.

Communications Component Communication of anticipated changes is a critical element when preparing USDA employees for change. Alternative approaches and strategies for sharing information in a straightforward and non-threatening manner is necessary to ensure that resistance to change is minimized early in program implementation. A Communications Strategic Plan (CSP) will be developed and implemented in fiscal year 1995. The CSP will incorporate information feedback loops to monitor the success of communication strategies and to facilitate midstream corrections in communication approaches.

Education and Training/Retraining Strategy Component A smooth transition to the new processes, organizational culture, and technology will require training to convey and develop skills, goals, values, and beliefs associated with the intended business changes. Specifically, training related to customer service, group problem solving techniques, communications, interpersonal skills and group participation, performance measurement, and managing in the new work environment must be provided to all employees, as appropriate. Managers and supervisors will need training to ensure that recognition and award programs, performance appraisals, and hiring and promotion criteria are developed and implemented to support the new business structure.

Human Resources Component During periods of change, it is necessary to ensure that recognition/awards programs, performance appraisal system, and hiring and promotion criteria are developed and implemented to support the new business structure and initiatives. A Human Resources Plan will be developed to ensure that employees hired, promoted, and rewarded accept the new organizational culture and its focus on change. Through the awards program we will be able to recognize desired behavior to ensure that it is repeated and that it supports the new business structure.

Legacy Systems

Selected Examples of Recent Progress

An Acquisition Review Team (ART) for the Field Service Center replacement acquisition was established. The first ART meeting was successfully held, and the documentation drafted for the second meeting.

Late in fiscal year 1994, InfoShare underwent a major change in direction, and the Legacy System Team was formed. This team completed preparations for the Senior Information Resource Management Officer (SIRMO) level meeting of the partner agencies to determine joint agency requirements. Each of the Partner Agencies are developing requirements that will be combined to ensure basic customer needs are addressed.

Legacy Systems Replacement Strategy

Current Activities

The InfoShare partnership has coordinated its efforts to upgrade and replace existing (legacy) automated systems which have decayed, have been proven obsolete, or no longer provide adequate capacities to address current customer service needs. A minimal acquisition approach with optimal functionality has been planned to ensure that services continue while business process reengineering is conducted.

The acquisition strategy supports: a) Continued mission support for the InfoShare agencies, b) Enhancements of current systems necessary to support the continuing mission need during the time the BPR process is underway, and c) Adequate lead time for the implementation of complex methodologies and technologies.

A building block strategy will be employed, such that acquisitions will be expected to contribute to any future technology scenario for InfoShare. Legacy systems will likely serve as a foundation for future modernization initiatives. This strategy provides the benefit of improved connectivity and compatibility

among the partnership agencies, as the acquisitions are put in place; it allows for the incremental implementation of various pieces as they are needed by different agencies, as well as flexibility in bringing each agency to a common logical platform from its current condition.

Resources provided through shared partnership involvement For fiscal year 1995, agency resources will be shared in staffing the acquisition activities. CCC's mission-driven technology needs and financing will be directly addressed by the partnership, complemented with financing through shared partnership financial support. In fiscal years 1996 and beyond, direct appropriations will be sought by the Department to supplement CCC's mission-driven acquisitions.

Implementation of a Field Testing Laboratory

Kentucky Pilot Site The Commonwealth of Kentucky had been chosen by the InfoShare program leadership to serve as a "laboratory" for testing and validating the first set of business process improvement concepts. Following the development of business improvement concepts in the laboratory setting, field testing is required to ensure the validity of concepts in the more complex "real world" environment and to refine concepts that are somewhat general. In the field setting, there are also opportunities for identifying potential areas of risk.

Selected Examples of Recent Progress

Ten county office sites and the State office in Kentucky were provided with the connectivity solution to link the agency legacy systems together and provide for access to local and wide area networks. In addition, office automation was installed on those systems. The ten county office sites also received new voice telecommunication systems to enable them to forward and transfer phone calls among agencies, which enhanced customer service. The State office was already equipped with a consolidated voice telecommunications system. Each employee has or will be provided training on the use of the local and wide area networks plus the Office Automation Products.

Operation and maintenance of the pilot site is necessary to continue collecting data on concept application

Current Activities

The Kentucky project site has reached a reasonable level of expansion to 11 sites, allowing data to be collected on the continuing efficacy and applicability of pilot concepts over a period of three years (FY 1994-96). Following this testing period, a decision will be made either to fully deploy or to reject applied concepts.

Concepts being tested

- Voice Communications Consolidation - multiple-agency sites were equipped with consolidated phone systems to support one-stop shopping (call transfers among agencies) and to lower voice communication costs due to the consolidation of hardware, software, and service; FTS2000 provides for a sliding scale of charges whereby a single system with large traffic is less expensive than multiple systems with smaller traffic.

- Data Communications - the ability to communicate data among various agencies was implemented to ensure that customers were served from one site and information on various customers could be shared by multiple agencies.

Business Process Improvement

BPI Concepts are Developed for Testing High pay-off, low risk multi-agency projects focusing on technology solutions are developed in concept, before validation in the pilot process. Partnership agencies

have identified specific projects that are expected to provide major benefits in the anticipated InfoShare environment. From a list of 89 proposed projects, 10 were selected by the Executive Committee as high priority items for immediate business process improvement, including:

- Common-client Name/Address - A single, unique name and address file for all farm service and rural development agencies' customers (producers, vendors, buyers, etc.) is being developed to support one-stop shopping and eliminate redundant data entry and monitoring. The mainframe database is established and accessible by pilot sites. Evaluation started with testing in the Consolidated Farm Service Agency (CFSA) Usability Lab recently completed and the results are positive.

-Conservation Compliance - CFSA and the Natural Resources Conservation Service (NRCS) will share information electronically on producer compliance with conservation regulations, or if the producer has converted highly erodible land or wetlands. A database has been developed and is being tested in 4 pilot sites. If the project evaluations are positive the project will be deployed nationwide. The real value of the project is that USDA will not provide benefits to ineligible customers. For customers, earned benefits will be received in much shorter time frames.

-Geographic Information Systems (GIS) - Standardized land unit information (including ownership, farm tract, field and other spatially oriented data) will be defined to eliminate redundancy and allow both agencies and customers to accurately manage land unit information.

The GIS team has:

- Identified and organized a steering body with representatives from all InfoShare partners.
- Developed a common land unit definition.
- Gained on-site support of four agency representatives to ensure that the project meets the needs of all InfoShare partners.
- Identified, equipped, and supported three InfoShare pilot sites.
- Issued the common land unit definition for testing and review in three InfoShare pilot sites.
- Evaluations of the project are underway and the results will determine if additional pilot sites are needed.
- Developed and delivered a prototype, on-screen digitizing tool utilizing digital ortho-photography and scanned 35mm slides to create and maintain a common land unit layer.
- Hosted three pilot sites and related staff for a kick-off meeting which included hands-on training for the digitizing tool.
- Initiated development of the first application prototype utilizing the common land unit.

-Soils Information (including soils characteristics) - Soils maps will be joined to spatial maps and be made available for interagency queries. This capability will provide added service through automated sources of data needed to comply with farm program requirements. Access to the Soils database via Internet is available.

The design for the soils interpretation engine has been completed and coding on the low level modules is proceeding. Several requirements gathering meetings were held for the soils digital data. Evaluations of the project is underway.

-Farm Summary Information - Summary information related to farm bases, yields, payments received, acreage reported on crops planted, conservation planning, and compliance is consolidated for both internal and external use. The project is being tested in 4 pilot sites. Evaluation of the project is underway.

-Planetor - A farm planning tool named "Planetor" has been developed that can be used by farmers for accessing economic and environmental alternatives to increase profitability in their business enterprises. This information will be available through access to a national database that is currently under development. Planetor is operational and being tested at 22 sites around the U.S. It is a working product that enables farmers to consider both environmental and economic aspects in making their production decisions. Planetor II is both capable and poised to demonstrate the value of drawing large amounts of data (electronically) from various sources and integrating it into a decision framework that has relevant practical applications.

-Plants - A database will be developed that will catalog and make available information on more than 3,000 varieties of vegetation with agronomic or cultural significance. Information residing in the database will provide crop yield, habitat, wetland, and environmental status that will provide for sound conservation decisions. The database now contains information on over 76,000 plants of North America. Initial features of the database include:

- Scientific names of accepted and synonymy plants, common names, and plant symbols;
- Lists of wetland plants and their official U. S. Department of the Interior - Fish and Wildlife Service National Wetlands Indicator Status;
- Federal, Convention of International Treaty on Endangered Species (CITES), and State endangered species status; and
- Lists of noxious weeds.

-Agricultural Marketing Service/CFSA Cotton Classing Project - This project provides all cotton classing information required for obtaining price support loan benefits through access of a national database. The project is currently deployed to more than 550 sites throughout the cotton producing areas in the nation.

A statistical analysis of participating counties was made using 1992 and 1993 crop cotton loan and loan deficiency payment (LDP) data. In 1992, counties had to rely on manual entry of cotton classing data, and 1993, electronic access of classing data was used. This analysis indicated a \$.01 reduction in the cost per bale of processing cotton loans and LDPs. ASCS processed approximately 7.6 million bales of cotton during the 1993 crop year which resulted in a savings of \$76,000. The use of electronic cotton classing data saved ASCS producers approximately \$791,864 for the 1993 crop year. These savings resulted from the decrease in delay time for disbursement of funds. In some counties processing time was reduced from 15 days to 2 days.

-Natural Resources Conservation Planning System (NRCPS) - This system will provide automated information regarding computation of water quality, soils information, natural resource inventory and climate data systems.

Program Management

InfoShare Transition Staff A core staff of 16 FTE's is allocated to support the facilitation and coordination of activities as directed by the InfoShare Executive Committee. A career SES position has been created to serve as the InfoShare program manager. Partnership agencies will provide supplementary staff to work cooperatively with the InfoShare Transition Staff. In addition to providing expertise and knowledge about each agency's programs, the supplementary staff will be able to take ownership of the InfoShare activities and return to their respective agencies with new knowledge and insights into the goals and objectives of InfoShare.

Field Operations Consolidation Telecommunications consolidation is required to enable consolidated field units to communicate efficiently, to facilitate customer one-stop servicing, to reduce telecommunications cost in consolidated sites, and to fully implement provisions of the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994. The Act requires that USDA field offices not only be located together, but that they also combine and share office space, equipment and support personnel in order to reduce overhead expenses.

Currently, each agency maintains its own telecommunications systems based on diverse sets of requirements and standards, as opposed to the common systems promoted through the InfoShare partnership. This redundancy requires customers to call different telephone numbers to meet their needs since phone calls cannot be transferred among offices.

AGRICULTURE BUILDINGS AND FACILITIES

EXPLANATORY STATEMENT

This appropriation provides funding for the following activities:

Rental Payments to GSA. The fiscal year 1983 Agriculture Appropriations Act (P.L. 97-370) consolidated most of the Department's rental payments to the General Services Administration (GSA) into a single appropriation. This activity does not provide funding to cover space costs incurred in other funding areas such as trust funds, the Working Capital Fund, and other non-appropriated funds. The amount in this account represents the appropriated portion of the total Departmental charges for rent payments to the GSA for all agencies and staff offices of the Department except the Forest Service.

Beltsville Agricultural Research Center Modernization. The Beltsville Agricultural Research Center (BARC), established in 1910 in Beltsville, Maryland, is the Agricultural Research Service's largest laboratory. In fiscal year 1994, the Congress allocated \$19,700,000 in this account to modernize BARC's laboratory facilities. These funds will be used to renovate an existing building to house the Pesticide Degradation Laboratory, the Soil Microbial Systems Laboratory, and the Weed Science Laboratory, which were previously located in separate buildings, to upgrade the BARC-West electrical distribution system, and to plan and design the new Animal Parasitology Institute. All projects are scheduled for completion in fiscal year 1996. Prior to fiscal year 1994 and in fiscal year 1995, the Congress provided funding for other BARC renovation projects in the Agricultural Research Service's Buildings and Facilities Appropriation.

Building Operations and Maintenance (BOM). This activity provides Departmental staff and support services to operate, maintain, and repair the buildings in the D.C. complex. Since October 1, 1984, when the General Services Administration delegated to USDA the operations and maintenance functions for the Headquarters Complex buildings, USDA has maintained and operated these buildings. The four-building complex, which is located on the south side of the mall, encompasses 14.1 acres of ground and is composed of four historic buildings varying in age from 57 - 114 years. The buildings in the complex contain approximately 3 million square feet of space occupied by approximately 8,000 employees and are the focal point for carrying out USDA's mission. Because the buildings were allowed to deteriorate under previous management strategies and funding limitations prior to fiscal year 1985, USDA began a maintenance program to repair, improve, and restore the facilities. The effort in this activity has focused on maintaining re restoring the integrity of the buildings and keeping them safe and operational. In fiscal year 1996, language has been proposed to reinstate USDA's authority to bill its agencies for utilities, repair, and related services above the standard level of service established by the General Services Administration. This authority was part of the original GSA delegation, but subsequently lapsed. Reinstatement of this authority will allow USDA to restore its maintenance and repair programs to previous levels.

Strategic Space Plan. USDA has developed a plan to consolidate agencies that are currently occupying expensive leased space in the Washington, D.C. area. This plan includes the construction of a new office complex on government-owned land in Beltsville, Maryland and the future renovation of the South Building. Full implementation of the plan will improve the operations of the Department, reduce operating and rental costs, and provide more efficient space for a streamlined USDA. Funds were appropriated in fiscal year 1995 for the first half of a two-year program to construct office space at Beltsville as well as to design a seven-phase renovation of the South Building. Renovation of the South Building will be postponed a year to assure completion of the Beltsville office building.

AGRICULTURE BUILDINGS AND FACILITIES

CLASSIFICATION BY OBJECTS1994 and Estimated 1995 and 1996

	<u>1994</u>	<u>1995</u>	<u>1996</u>
Personnel Compensation:			
Washington, D.C.....	\$3,914,224	\$4,148,000	\$4,146,000
11 Total personnel compensation.....	3,914,224	4,148,000	4,146,000
12 Personnel benefits.....	750,215	815,000	815,000
13 Benefits for former personnel	<u>11,701</u>	<u>14,000</u>	<u>14,000</u>
Total personnel compensation & benefits....	<u>4,676,140</u>	<u>4,977,000</u>	<u>4,975,000</u>
Other Objects:			
21 Travel.....	14,315	20,000	20,000
22 Transportation of things.....	10,058	5,000	5,000
23.1 Rental payments to GSA.....	79,550,728	92,691,443	89,971,000
23.3 Communications, utilities, and misc. charges.....	5,567,648	5,423,000	6,010,000
24 Printing and reproduction.....	23,727	29,000	30,000
25.2 Other services.....	23,749,600	31,812,586	8,312,000
26 Supplies and materials.....	470,636	450,000	439,000
31 Equipment.....	555,878	300,000	6,495,000
32 Land and structures.....	131,140	19,522,000	19,517,000
42 Insurance claims and indemnities.....	<u>2,472</u>	<u>--</u>	<u>--</u>
Total other objects.....	<u>110,076,202</u>	<u>150,253,029</u>	<u>130,799,000</u>
Total direct obligations.....	<u>114,752,342</u>	<u>155,230,029</u>	<u>135,774,000</u>
Position Data:			
Average Salary, GS positions.....	\$43,376	\$41,034	\$42,960
Average Grade, GS positions.....	10.57	10.67	10.77

APPROPRIATION LANGUAGE AND EXPLANATION OF CHANGES IN LANGUAGE

AGRICULTURE BUILDINGS AND FACILITIES AND RENTAL PAYMENTS (INCLUDING TRANSFERS OF FUNDS)

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

For payment of space rental and related costs pursuant to Public Law 92-313, including authorities pursuant to the 1984 delegation of authority from the Administrator of General Services to the Secretary of Agriculture under 40 U.S.C. 486, for programs and activities of the Department [of Agriculture] which are included in this Act, [\$106,571,000], \$110,187,000 of which [\$18,614,000] \$20,216,000 shall be retained by the Department [of Agriculture] for the operation, maintenance, and repair of Agriculture buildings: Provided, That in the event an agency within the Department [of Agriculture] should require modification of space needs, the Secretary of Agriculture may transfer a share of that agency's appropriation made available by this Act to this appropriation, or may transfer a share of this appropriation to that agency's appropriation, but such transfers shall not exceed 5 per centum of the funds made available for space rental and related costs to or from this account. In addition, for construction, repair, improvement, extension, alteration, and purchase of fixed equipment or facilities as necessary to carry out the programs of the Department, where not otherwise provided, [\$28,622,000], \$25,587,000 to remain available until expended; making a total appropriation of [\$135,193,000] \$135,774,000.

This change clarifies the authority of the Office of Operations to charge other USDA agencies for services, utilities, maintenance, and repairs above the standard level and to retain the use of the funds received. The General Services Administration (GSA) has such authority in administering and managing Federal buildings. Through its regulations, GSA establishes core hours of operation and sets standard levels of lighting, temperature, and other utilities that will be available during core hours. It also establishes cycles of maintenance (painting, renovation, etc.) and repair (locks, placement of outlets and telephone jacks, etc.) for office and other space. GSA bills agencies whenever requirements or special circumstances establish the need for services outside the core hours, standard levels, or maintenance and repair cycles. Authority to bill for utilities and related services above the standard level was delegated to USDA in 1984 as part of the general GSA delegation of the operation and maintenance functions for the Headquarters Complex. However, the General Counsel recently rendered the opinion that USDA's authority to charge appropriations in the Agriculture Appropriations Act for services above the standard level ceased at the end of fiscal year 1993. In fiscal years 1994 and 1995, this appropriation absorbed these additional costs by curtailing the building repair program in the Headquarters Complex. The proposed language, by reinstating USDA's authority to charge for these costs, allows USDA to restore its repair program to previous levels.

AGRICULTURE BUILDINGS AND FACILITIES

Appropriations Act, 1995.....	\$135,193,000
Budget Estimate, 1996.....	<u>135,774,000</u>
Increase in Appropriation.....	<u>+581,000</u>

Adjustments in 1995:

Appropriations Act, 1995.....	\$135,193,000	
Funds transferred to other agencies for leases transferred from GSA and moves out of GSA space 1/.....	<u>-180,037</u>	
Adjusted base for 1995.....		135,012,963
Budget Estimate, 1996.....		<u>135,774,000</u>
Increase over adjusted 1995.....		<u>+761,037</u>

1/ Transfers to other agencies are: Natural Resources Conservation Service (\$40,320), and Rural Housing and Commodity Development Service (\$139,717).

SUMMARY OF INCREASES AND DECREASES

(On basis of adjusted appropriation)

<u>Item of Change</u>	<u>1995 Estimated</u>	<u>Program Changes</u>	<u>Pay Cost</u>	<u>Other Changes</u>	<u>1996 Estimated</u>
Rental Payments.....	\$87,776,963	+\$2,194,037	--	--	\$89,971,000
Building Operations and Maintenance.....	18,614,000	+436,000	+\$98,000	+\$1,068,000	20,216,000
Strategic Space Plan....	28,622,000	-3,035,000	--	--	25,587,000
Total Available.....	<u>135,012,963</u>	<u>-404,963</u>	<u>+98,000</u>	<u>+1,068,000</u>	<u>135,774,000</u>

PROJECT STATEMENT
(On basis of adjusted appropriation)

	1994 Actual		1995 Estimated		Increase or Decrease	1996 Estimated	
	Amount	Staff- Years	Amount	Staff- Years		Amount	Staff- Years
1. Rental Payments.....	\$79,550,728	--	\$87,776,963	--	+\$2,194,037 (1)	\$89,971,000	--
2. BARC Modernization	7,385,214	--	--	--	--	--	--
3. Building Operations & Maintenance...	27,816,400	87	18,614,000	84	+1,602,000 (2)	20,216,000	82
4. Strategic Space Plan.....	--	--	28,622,000	--	-3,035,000 (3)	25,587,000	--
Unobligated Balance, end of year.....	20,217,066	--	--	--	--	--	--
Total available or estimate.....	134,969,408	87	135,012,963	84	+761,037	135,774,000	82
Transfer to:							
NRCS.....	265,667	--	40,320	--			
RHCDS.....	139,717	--	139,717	--			
NASS.....	108,540	--	--	--			
FCS.....	19,668	--	--	--			
Total transfers....	533,592	--	180,037	--			
Total, Appropriation..	135,503,000	87	135,193,000	84			

PROJECT STATEMENT
(On basis of available funds)

	1994 Actual		1995 Estimated		Increase or Decrease	1996 Estimated	
	Amount	Staff- Years	Amount	Staff- Years		Amount	Staff- Years
1. Rental Payments.....	\$84,465,408	—	\$87,776,963	—	+\$2,194,037	\$89,971,000	—
2. BARC Modernization	19,700,000	—	—	—	—	—	—
3. Building Operations & Maintenance...	30,804,000	87	18,614,000	84	+1,602,000	20,216,000	82
4. Strategic Space Plan.....	—	—	28,622,000	—	-3,035,000	25,587,000	—
Unobligated Balance start of year.....	—	—	+20,217,066	—	-20,217,066	—	—
Unobligated Balance end of year.....	-20,217,066	—	—	—	—	—	—
Total available or estimate.....	114,752,342	87	155,230,029	84	-19,456,029	135,774,000	82

JUSTIFICATION OF INCREASES AND DECREASES

- (1) An increase of \$2,194,037 for Rental Payments to GSA for a total fiscal year 1996 level of \$90 million.

This increase is required to pay the General Services Administration the full cost of USDA's space inventory nationwide in fiscal year 1996. The four-building D.C. complex was removed from the inventory when USDA assumed responsibility for these buildings and began implementation of the Strategic Space Plan. The rental payment will be increased to pay the space bill at rates supplied by GSA.

- (2) A net increase of \$1,602,000 for Building Operations and Maintenance composed of the following:

(a) An increase of \$98,000 for pay cost increases, including \$82,000 for the fiscal year 1996 pay increase, and \$16,000 for annualization of the fiscal year 1995 pay raise.

(b) An increase of \$2,041,000 for inflation.

This increase will cover general operating cost increases and increases associated with utility contracts for steam, chilled water, and electricity for the Washington D.C. headquarters complex. Potomac Electric Power Company recently informed the Department that it is adding a surcharge for the cost of Clean Air Act of 1990 amendments that will raise electricity and other associated costs in excess of \$500,000. This increase

also will cover operating cost increases associated with central Department services, such as mail services, central supplies, and National Finance Center (NFC) services, which are provided to this account. From fiscal year 1994 to fiscal year 1995 Building Operations and Maintenance reduced its operating budget by approximately 39 percent, moving into a caretaker mode based on the implementation of the Strategic Space Plan. This reduction eliminated the ability to absorb increased costs in fiscal year 1996 without severely curtailing utility usage for heating, cooling, and lighting, and basic services such as cleaning and trash removal. The funds would be applied to non-salary object classes.

(c) An increase of \$436,000 for the Fair Labor Standards and Service Contract Acts.

This increase will cover yearly pricing adjustments required by the Fair Labor Standards Act and the Service Contract Act, as well as other costs that will increase when the building operations and maintenance contracts are renewed. The funds will be used for payment of service contracts that will allow the same level of service activity as in fiscal year 1995 for operations and maintenance of the Washington, D.C. complex.

(d) A decrease of \$100,000 and 2 staff years for a reduction in Federal employment.

In support of the Secretary's streamlining efforts and the President's Executive Order mandating a reduction in Federal employment, Building Operations and Maintenance is reducing employment from the fiscal year 1993 base. To achieve this reduction, Building Operations and Maintenance will streamline its activities and consolidate the work of two staff years.

(e) A decrease of \$873,000 for administrative efficiency.

In support of the President's Executive Order to reduce overhead-type outlays from the fiscal year 1993 baseline, budget authority is reduced by \$873,000. In order to achieve this savings, Building Operations and Maintenance will reduce discretionary expenses in areas such as contracts for equipment maintenance, training, other services, and supplies.

(3) A net decrease of \$3,035,000 for the Strategic Space Plan (\$28,622,000 available in 1995) consisting of the following:

(a) A decrease of \$9,235,000 for the design of the South Building Modernization program.

(b) An increase of \$6,200,000 to complete Phase II of the new office facility at Beltsville and a one-time purchase of systems furniture for the new facility.

This increase will allow USDA to complete the new office facility at the Agricultural Research Center in Beltsville, Maryland and to provide systems furniture to equip the new facility. This is a critical component of the Strategic Space Plan which began in fiscal year 1995. Completion of the facility will allow the process for modernizing the South Building to proceed in fiscal year 1997 by relocating a group of agencies to the facility. Not included in this request are costs related to off-site state and county road improvements which will be determined as a result of an Environmental Impact Statement which was completed in December 1994.

Agriculture Buildings and Facilities
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1994 and Estimated 1995 and 1996

	1994		1995		1996	
	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>
District of Columbia.....	\$114,752,342	87	\$135,012,963	84	\$135,774,000	82
Unobligated Balance.....	20,217,066	--	--	--	--	--
Total, Available or Estimate.....	134,969,408	87	135,012,963	84	135,774,000	82

AGRICULTURE BUILDINGS AND FACILITIES

STATUS OF PROGRAM

Since October 1, 1984, the Department of Agriculture (USDA) has maintained and operated the Washington, D.C. Headquarters Complex. The four building complex, which is located on the south side of the Mall, is composed of historic buildings varying in age from 57 to 115 years. The complex is the focal point for carrying out USDA's mission.

Because these facilities were allowed to deteriorate under previous management strategies and funding limitations prior to fiscal year 1985, USDA began a maintenance program to repair, improve, and restore the facilities. During fiscal year 1994, approximately \$8 million of USDA funds were used for repairs and improvements. A major effort was undertaken to upgrade mechanical and electrical systems, improve environmental quality, and conserve energy. In fiscal year 1995, USDA will reduce its repair and improvement outlays but will continue to maintain the integrity of the buildings in the Headquarters complex and keep them safe and operational until the proposed modernization of the South Building is accomplished.

USDA has developed a strategic space plan to consolidate agencies that are currently occupying expensive leased space in the Washington, D.C. area. This plan combines the proposed modernization of the South Building with the construction of a new office complex on government owned land in Beltsville, Maryland. The plan provides the framework for improving the operations of USDA, reducing operating and rental costs, and serving the American people more effectively. Implementation of the plan will begin in fiscal year 1995 with the design and first increment of construction for the Beltsville Complex and the design for Phase I of the South Building modernization.

Current Activities and Recent Progress:

1. **Window Restoration.** The final phase of a seven year program to restore approximately 4,600 windows in the South Building is currently underway. The restoration of windows in Court 5 will be completed this fiscal year under a contract awarded in fiscal year 1993, and windows in Courts 3 and 6 will be completed under contracts awarded during fiscal year 1994. This program began in fiscal year 1988 with an award of contracts to restore the windows on the main facade of the South Building. Windows in Courts 1, 2 and 4 were completed under contracts awarded in fiscal years 1990, 1991, and 1992. The restoration of the windows in the historic Administration Building was completed in September 1994 under a contract awarded in fiscal year 1992.

2. **Environmental Quality Program.** The safety and health of the occupants of Agriculture buildings is a major concern. Activities in the area of environmental safety and health include:

a. **Asbestos Abatement.** Under the continuing asbestos abatement program, a special term contract to abate asbestos in the Headquarters Complex was awarded in fiscal year 1994. Work orders totalling \$428,000 were issued to abate asbestos in sixteen locations in the Complex.

b. **Air Quality.** A \$865,000 contract to upgrade the air quality in a portion of the South Building was awarded in fiscal year 1993 and completed in fiscal year 1994. In fiscal year 1994, a contract to replace the South Building exhaust systems was awarded for \$460,522 to improve ventilation and will be completed in fiscal year 1995.

c. **Drinking Water System.** A \$294,600 contract to replace an old drinking water chiller and deteriorated water piping serving the South Building was completed in fiscal year 1994.

d . **CFC Modification.** In fiscal year 1994, in response to the Clean Air Act and the Montreal Protocol, USDA completed a contract for \$134,210 to modify various mechanical equipment rooms to accommodate substitute refrigerants being used to replace chloro-flouro-carbon (CFC) type refrigerants.

3. **Electrical Improvements.** In fiscal year 1994, USDA completed installation of emergency lights in the South Building egress corridors, and replacement of old switchgear in Vault 2 of the South Building. Replacement of switchgear in Vault 17 will be completed early in fiscal year 1995. A contract to replace the old switchgear in Vault 6 was awarded in fiscal year 1994 for \$479,479.

4. **Energy Conservation.** Energy-efficient lights with occupancy sensors were installed in Wing 6 of the South Building and in the entire Administration Building. Both contracts were awarded in late fiscal year 1993. Now under construction, the Administration Building project will be completed in fiscal year 1995. A contract to install energy-efficient lights in Wing 7 of the South Building was awarded in fiscal year 1994 at a cost of \$748,323. A solar-assisted hot-water system was installed to serve the main cafeteria kitchen. A thermal storage system to provide chilled water for the sub-central chiller plant was awarded for \$460,377 in fiscal year 1994. This system is part of a new energy-efficient chiller installed during fiscal year 1994.

5. **Beltsville Office Complex.** The Environmental Impact Statement (EIS) process for the new office complex began in fiscal year 1994. Three sites at the Beltsville Agriculture Research Center are being evaluated to determine environmental impacts associated with construction of the office complex at each site and mitigating measures which would be necessary. The Draft EIS was completed in August and, after a public hearing in October, the Final EIS was completed in December 1994. USDA issued a Record of Decision stating the site selected and how the environmental impacts would be mitigated. In addition, the process of selecting a design-build contractor was completed in December 1994.

ADVISORY COMMITTEES

EXPLANATORY STATEMENT

The Federal Advisory Committee Act (FACA), P.L. 92-463, was passed in 1972 to recognize that committees and similar groups provide a useful and beneficial means of furnishing expert advice to officers of the Federal Government. In establishing FACA, the Congress desired (1) that the number of committees be restricted to those essential to provide the necessary expert advice in specialty areas, (2) that uniform standards and procedures govern the establishment, operation, administration and duration of committees, and (3) that they be kept informed of the number and cost of committees.

The Agriculture, Rural Development and Related Agencies Appropriations Act of 1983 consolidated all USDA advisory committee funds, except those in the Forest Service and those paid from user fees, in a single appropriation. Activities funded under the consolidated appropriation include providing consulting services, conducting research, implementing recommendations and issuing reports on various programs. The Assistant Secretary for Administration is the principal Department Officer responsible for performing functions and coordinating activities of the Act.

In response to Executive Order 12838, Termination and Limitation of Federal Advisory Committees, USDA has reduced the committees funded by this appropriation by not renewing three committees, terminating two committees and restructuring ten other committees to form six new committees since 1993. Under the consolidated account, 28 committees are currently identified for fiscal year 1996. Fifteen are established by statute, and the remaining 13 are established by the Department, either independently, or on the recommendation of the Congress.

There are no full-time positions financed from this appropriation. USDA agencies are allowed under the Advisory Committee Act to obligate funds for portions of salaries and benefits for staff-time devoted to the support of the committees.

During fiscal year 1994, no Office of the Inspector General, General Accounting Office, or other evaluation reports were completed.

ADVISORY COMMITTEES

Available Funds and Staff-Years 1994 Actual and Estimated, 1995 and 1996

Item	1994 Actual		1995 Estimated		1996 Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
USDA Advisory Committees.....	940,000	15	928,000	15	885,000	15

ADVISORY COMMITTEES
CLASSIFICATION BY OBJECTS
1994 and Estimated 1995 and 1996

Personnel Compensation:

	<u>1994</u>	<u>1995</u>	<u>1996</u>
11 Total personnel compensation.....	\$392,107	\$449,000	\$456,000
12 Personnel benefits.....	<u>92,194</u>	<u>103,000</u>	<u>105,000</u>
Total personnel compensation & benefits....	<u>484,301</u>	<u>552,000</u>	<u>561,000</u>
Other Objects:			
21 Travel.....	201,861	222,000	130,000
22 Transportation of things.....	--	2,000	1,000
23.3 Communications, utilities, and misc. charges.....	9,534	20,000	25,000
24 Printing and reproduction.....	16,385	25,000	35,000
25.3 Purchases of goods and services from other governmental accounts.....	65,742	94,000	115,000
26 Supplies and materials.....	4,092	10,000	16,000
31 Equipment.....	2,250	3,000	2,000
41 Grants.....	<u>25,000</u>	<u>---</u>	<u>---</u>
Total other objects.....	<u>324,864</u>	<u>376,000</u>	<u>324,000</u>
Total direct obligations.....	<u>809,165</u>	<u>928,000</u>	<u>885,000</u>

ADVISORY COMMITTEES

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

For necessary expenses for activities of advisory committees of the Department of Agriculture which are included in this Act, [~~\$928,000~~], \$885,000: Provided, that no other funds appropriated to the Department of Agriculture in this Act shall be available to the Department of Agriculture for support of activities of advisory committees:

ADVISORY COMMITTEES

Appropriations Act, 1995.....	\$928,000
Budget Estimate, 1996.....	<u>885,000</u>
Decrease in Appropriation.....	<u>-43,000</u>

SUMMARY OF INCREASES AND DECREASES
(on basis of appropriation)

<u>Item of Change</u>	<u>1995 Estimated</u>	<u>Program Changes</u>	<u>Pay Cost</u>	<u>Other Changes</u>	<u>1996 Estimated</u>
USDA Advisory Committees.....	\$928,000	-\$43,000	--	--	\$885,000

PROJECT STATEMENT
(On basis of appropriation)

	1994 Actual		1995 Estimated		Increase or Decrease	1996 Estimated	
	Amount	Staff- Years	Amount	Staff- Years		Amount	Staff- Years
Advisory Committees.....	\$809,165	15	\$928,000	15	-\$43,000(1)	\$885,000	15
Unobligated Balance.....	130,835	--	--	--	--	--	--
Total, Appropriation..	940,000	15	928,000	15	-\$43,000(1)	\$885,000	15

JUSTIFICATION OF INCREASE AND DECREASES

(1) A net decrease of \$43,000 for Advisory Committees, consisting of:

(a) A net decrease of \$21,000 for activities in existing committees. Operating costs for existing committees are anticipated to increase by \$71,000 in fiscal year 1996 as committees play a critical role in advising and assisting policy officials in implementing USDA's planned reorganization. These operating costs will be offset by planned travel reductions of \$92,000. Travel reductions will be accomplished by holding meetings of shorter duration at central locations. Teleconferencing and other mechanisms to reduce travel costs will be used whenever feasible. Planned reductions in travel are in keeping with the President's Executive Order to reduce Federal outlays.

(b) A reduction of \$22,000 for the termination of the Dietary Guidelines Advisory Committee. This committee will cease operation after its final report is submitted during fiscal year 1995.

Estimates for the Department's Advisory Committees by major policy area follow.

USDA ADVISORY COMMITTEES

<u>Policy Area and Committee Title</u>	<u>1994 Actual</u>	<u>1995 Estimate</u>	<u>1996 Estimate</u>
Food, Nutrition and Consumer Services:			
Nat'l Adv. Council on Maternal, Infant and Fetal Nutrition	\$37,343	37,343	37,678
Nat'l Adv. Council on Commodity Distribution	<u>13,771</u>	<u>43,039</u>	<u>43,374</u>
Total	51,114	80,382	81,052
Food Safety:			
Nat'l Adv. Comm. on Meat & Poultry Insp. ...	46,457	43,452	43,787
Nat'l Adv. Comm. on Microbiological Criteria for Foods	<u>49,233</u>	<u>52,114</u>	<u>52,449</u>
Total	95,690	95,566	96,236
Research, Education and Economics:			
Nat'l Ag. Res. & Exten. Users Adv. Board ...	93,539	112,723	113,060
Science & Education Nat'l Res. Initiative	7,729	20,000	20,335
Nat'l Genetic Resources Advisory Council ...	7,826	14,811	15,146
Dietary Guidelines Advisory Committee	21,822	21,822	—
National Nutrition Monitoring Advisory Council	19,649	19,649	19,986
Animal Health Science Research Adv. Board ..	14,353	15,309	15,646
Forestry Research Adv. Council	13,924	20,000	20,335
Committee of Nine	21,101	22,656	22,993
Agricultural Biotechnology Research Adv. Com.	33,876	46,526	46,861
Joint Council on Food and Agricultural Sciences	96,847	100,000	100,337
Agricultural Science and Technology Review Board	38,126	20,000	20,335
National Sustainable Agriculture Advisory Council	13,947	22,305	22,642
Nat'l Ag. Cost of Prod. Standards Review Bd.	<u>37,911</u>	<u>37,911</u>	<u>38,246</u>
Total	420,650	473,712	455,922
Marketing and Regulatory Programs:			
Federal Grain Inspection Adv. Comm.	—	14,811	15,146
Advisory Committee on:			
Foreign Animal and Poultry Diseases	20,105	27,370	27,705
Gen. Conf. Comm. of the Nat'l Poultry Improvement Plan	10,400	10,504	10,839
Nat'l Animal Damage Control Adv. Comm. ..	18,409	22,973	23,308
National Organics Standards Board	<u>60,685</u>	<u>40,000</u>	<u>40,335</u>
Total	109,599	115,658	117,333

<u>Policy Area and Committee Title</u>	<u>1994 Actual</u>	<u>1995 Estimate</u>	<u>1996 Estimate</u>
Farm and Foreign Agricultural Services:			
Agriculture Policy Adv. Comm. for Trade . . .	26,435	18,872	19,209
Technical Adv. Comm. for Trade in:			
Cotton ^{a/}	5,166	--	--
Dairy Products ^{a/}	5,166	--	--
Fruits and Vegetables ^{a/}	5,166	--	--
Grain and Feed ^{a/}	5,166	--	--
Livestock & Products ^{a/}	5,166	--	--
Oilseeds & Products ^{a/}	5,166	--	--
Poultry & Eggs ^{a/}	5,166	--	--
Tobacco ^{a/}	5,166	--	--
Processed Foods ^{a/}	5,166	--	--
Animal & Animal Products	10,916	22,648	19,208
Fruits & Vegetables	10,916	22,648	19,208
Grain, Feed & Oilseeds	10,916	22,648	19,208
Sweeteners	20,119	22,648	19,208
Tobacco, Cotton & Peanuts	6,316	22,648	19,208
To be designated	--	--	<u>19,208</u>
Total	132,112	132,112	134,457
Reserve for Contingencies	--	<u>30,570</u>	--
 Total, Advisory Committees	<u>809,165</u>	<u>928,000</u>	<u>885,000</u>

^{a/} In response to Executive Order 12838, Termination and Limitation of Federal Advisory Committees, the ten current Agriculture Technical Advisory Committees (ATAC) were terminated in 1994, and six new ATAC committees were chartered to take their place.

ADVISORY COMMITTEES

STATUS OF PROGRAM

The appropriation provides for direction and financial support of all authorized USDA Advisory Committee activities other than those included in the Forest Service and those financed from user fees. The Assistant Secretary for Administration is the Committee Management Officer and provides the policy guidance for the establishment and continuation of committees.

A table containing information on the authority and committee membership for each committee appears at the end of the committee activity descriptions.

FOOD, NUTRITION AND CONSUMER SERVICES:National Advisory Council on Maternal, Infant and Fetal Nutrition

This Council makes a continuing study of the Special Supplemental Food Program for Women, Infants and Children (WIC) and related programs such as the Commodity Supplemental Food Program (CSFP) to determine how these programs may be improved. The Council is required by law to report its recommendations for changes to the President and Congress every two years.

A meeting was held October 20-22, 1993 in Alexandria, Virginia. Sixteen Council members attended. At the meeting the Council focused on the recommendations for the 1994 report to the President and Congress. The report was disseminated in September 1994.

At the fiscal year 1995 meeting, the Council will focus on updating the activities within the Supplemental Food programs in order to prepare its recommendations for the 1996 report.

National Advisory Council on Commodity Distribution

This Council was established to advise the Secretary of Agriculture on the distribution of donated commodities to recipient agencies. It provides guidance on regulations and policy development on specifications.

No meeting was held during fiscal year 1994. The Department is in the process of selecting new members. A meeting will be held in fiscal year 1995.

FOOD SAFETY:National Advisory Committee on Meat and Poultry Inspection

The Secretary of Agriculture is required by Federal inspection laws to consult with this Committee prior to issuing product standards, labeling changes, or on matters affecting Federal and State inspection program activities. This Committee also reviews initiatives, helps develop standard descriptive terminology, and recommends when the regulatory policies need to be reexamined.

One meeting was held on May 24-25, 1994, in Sacramento, California. The Committee provided specific guidance on product standards, and Hazard Analysis and Critical Control Point issues. Presentations were given on the FSIS Microbiological Baseline Study, the Inspection Program of the Future, the Exemption Study, "Healthy" and Ground Beef Exemptions, and the labeling of fresh poultry. The Committee plans to meet twice in fiscal year 1995.

National Advisory Committee on Microbiological Criteria for Foods

The National Advisory Committee on Microbiological Criteria for Foods is currently co-sponsored by the Food Safety and Inspection Service, the Food and Drug Administration (FDA), National Marine Fisheries Service and the U.S. Army Surgeon General's Office. The Committee provides advice on the development of microbiological criteria by which the safety and wholesomeness of the Nation's food supply can be assessed, including criteria for microorganisms that indicate whether foods have been processed using good manufacturing practices.

During fiscal year 1994 meetings were held on January 31-February 4 in Orlando, Florida; March 10-11, in Sunnyvale, California; March 28-29, in Washington, D.C.; and April 28-29 in Washington, D.C. The Committee submitted comments on its proposed rule to establish procedures for the safe processing and importing of fish and fishery products. The Committee also provided recommendations that can be incorporated into any federal, state, or commercial food protection system.

The Committee is scheduled to meet four to six times in fiscal year 1995 to deliberate on the issues of the labeling of fresh poultry and the ATP bioluminescence test, complete its work on a generic Hazard Analysis and Critical Control Points system for broiler chickens and continue to work on the issue of risk assessment.

RESEARCH, EDUCATION, AND ECONOMICS:

National Agricultural Research and Extension Users Advisory Board (UAB)

The UAB is composed of 21 citizens reporting directly to the Secretary, the President, and the Congress on policies, programs, and planning in the food and agricultural sciences.

At a meeting on February 12-16, 1994, the UAB and Joint Council on Food and Agricultural Sciences reviewed research, teaching, and extension initiatives and issues. Presentations were heard from agency heads and Colleges of Agriculture representatives about the President's fiscal year 1995 budget proposal for agricultural science and education programs. In a separate session, the UAB identified and addressed five critical issues in research, teaching, and extension that will be the focus of the fiscal year 1996 report on program priorities. Eighteen UAB members and 21 Joint Council members attended the February meeting.

At the meeting held in Fort Collins, Colorado on August 17-20, 1994, the UAB reviewed and assessed plant and animal biotechnology, integrated resource management, food safety education, water conservation, and minority education programs; learned about the USDA-ARS National Seed Storage Laboratory and forest research at the Rocky Mountain Forest and Range Experiment Station; and wrote the Congressionally mandated report for the Secretary and Congress recommending science and education priorities for fiscal year 1996. Sixteen members attended this meeting.

The UAB completed its report, Science and Education Issues: A midyear report of citizen concerns and recommendations for American agricultural research, teaching, and extension, which will be distributed in February 1995.

Two UAB meetings will be conducted in fiscal year 1995.

Science and Education National Research Initiative Advisory Committee

This Committee advises the Secretary of Agriculture concerning the administration of the Science and Education National Research Initiative to assure that research is carried out on the highest priority areas

with the widest participation by qualified scientists. Members are scientists drawn from government, industry, and academia and are representatives of the diverse food and agricultural system.

No meetings were held in fiscal year 1994 because this Committee was being reestablished. It is currently anticipated that one meeting will be held in fiscal year 1995 when new members are appointed.

National Genetics Resources Advisory Council

This Council assesses national needs to identify high-priority programs for conserving, utilizing, and distributing plant genetic resources for the Secretary of Agriculture and officers of the National Association of State Universities and Land-Grant Colleges. The program's aim is to collect, preserve, and disseminate genetic material of importance to American food and agricultural production.

The Council met on December 15-16, 1993, in Washington, D.C. to discuss policy issues relating to the exchange of intellectual property, the maintenance of protected material within Federal facilities, and all aspects of genetic resources.

Dietary Guidelines Advisory Committee

The purpose of this Committee is to advise the Secretaries of Agriculture and Health and Human Services whether a review of Dietary Guidelines for Americans is currently warranted based on advances in scientific knowledge and to advise them of any recommended revision to the Guidelines, which were last revised in 1990.

The Committee met on September 22-23, 1994, in Washington, D.C. Scientific evidence relative to the Guidelines and additional related topics was presented. The Committee also made preliminary recommendations to revise the guidelines. Two public meetings will be held in fiscal year 1995 to submit its report to the Secretaries in Spring 1995, at which time the Committee will terminate. The Department will issue the 1995 edition of the Dietary Guidelines for Americans in December 1995.

National Nutrition Monitoring Advisory Council

The National Nutrition Monitoring Advisory Council provides scientific and technical advice on the development and implementation of the coordinated program and comprehensive plan for the nutrition monitoring and related research program. The Council advises the Secretaries of Agriculture (USDA) and Health and Human Services (HHS) on the coordinated national nutrition monitoring and related research program and the Ten-Year Comprehensive Plan.

The Council, which met on October 19-20, 1993, in Washington, D.C., discussed the Federal budget process and priority-setting for the nutrition monitoring program. Also, an update of nutrition monitoring and related research activities was presented to Congressional staff. The Council issued its annual report of evaluation and recommendations on the national nutrition monitoring and related research program and the Ten-Year Comprehensive Plan to the Secretaries of USDA and HHS in July 1994.

The Council plans to meet in 1995, pending member appointments. The focus will be to develop and implement a mechanism to monitor the Ten-Year Comprehensive Plan, and to discuss a mechanism to convey research results from the program to interested parties.

Animal Health Science Research Advisory Board

This Board advises the Secretary of Agriculture on the implementation and priorities of animal health research authorized by the National Agricultural Research, Extension and Teaching Policy Act of 1977, as amended.

The Board met on August 15-16, 1994, in Washington, D.C. Board members shared information on research, described research accomplishments and future research plans, and made recommendations concerning animal health and disease issues.

Forestry Research Advisory Council

This Council advises the Secretary of Agriculture on national and institutional administration of the McIntire-Stennis Cooperative Forestry Research Program and advice related to the Forest Service research program. The Secretary annually receives a report from this Council concerning regional and national research planning and coordination of forestry research within the Federal and State agencies, forestry schools, and the forest industries.

The Council met on July 14-15, 1994, in Washington, D.C. The topic of discussion was the "Forestry Research and Education Initiative for FY'96: Achieving Sustainable Forest Management by the Year 2000." The Council recommended supporting the Forestry Research and Education Initiative, and research in four policy-relevant areas: (1) expand research to improve existing inventories and assessments of forest resources and their economic values and ecological functions; (2) conduct research into intensive forest management of the most productive lands to meet increasing demands; (3) research and develop adaptive management strategies and prototypes for multiple-use management of forest lands to provide both commodities (wood and fiber) and other resource values; and (4) build a forestry research and education infrastructure that will foster interdisciplinary studies on sustainable forest management. The fiscal year 1995 meeting is tentatively scheduled for February 1995 in Washington, D.C.

Committee of Nine

The Committee of Nine advises the Secretary of Agriculture in the conduct, management, and administration of cooperative regional research. The Committee develops and implements administrative procedures and recommends policies conducive to effective regional research; monitors the regional research program to insure adequate commitment and achievement by participants; reviews research priorities, and compares them with priorities in research projects in the regional program; and encourages development of agricultural research projects within or among regions to promote a sound and prosperous agricultural, rural life and welfare of the consumer.

A teleconference meeting was held in December 1993, and regular meetings were held on May 10-12, 1994, and on September 7-8, 1994, in Washington, D.C. An in-depth review and evaluation were made of projects in their first two years of operation. Accomplishments included implementation of a streamlined evaluation process of regional research fund proposals, and stronger commitment for more meaningful and appropriate application of resources to activate and maintain ongoing regional and national priority areas of research.

There are approximately 162 regional research projects. In fiscal year 1994, the Committee reviewed and took action on 40 regional research proposals including: 10 new proposals, 15 revisions, 13 extensions, 1 deferral, and 1 National Research Support Project pending.

Meetings are scheduled for May and September 1995.

Agricultural Biotechnology Research Advisory Committee

The Committee advises the Secretary of Agriculture on policies, programs, operations, and activities associated with agricultural biotechnology research. It oversees the review of proposed research projects, evaluates the adequacy of draft proposals used by USDA in preparing environmental assessments of the above research projects, recommends necessary revisions to research guidelines and protocols, advises other Federal and State agencies on agricultural related research projects, and provides information to and

maintains cognizance of Institutional Biosafety Committees (IBC's) to assure the availability of essential personnel to carry out oversight of agricultural related biotechnology functions.

One full committee meeting and one working group meeting were held in fiscal year 1994. The full meeting took place on December 16-17, 1993, in Arlington, Virginia. Thirteen committee members were in attendance, along with thirty-nine visitors, and seven USDA staff. The Committee discussed draft standards for the ecological risk assessment of research involving genetically modified fish and shellfish in aquatic research facilities such as tanks, raceways, and ponds. Other agenda items included biotechnology risk assessment research, issues in biotechnology education, and the Federal biotechnology research initiative.

The working group meeting on September 28, 1994, in Washington, D.C., was attended by eight members, fourteen visitors and three USDA staff, who reviewed and revised draft performance standards for research on genetically modified fish and shellfish.

In fiscal year 1995, the committee will conduct one full committee meeting and two working group meetings.

Joint Council on Food and Agricultural Sciences

The Council has the primary responsibility of bringing "about more effective research, extension, and teaching in the food and agriculture sciences in the United States by improving the planning and coordination of publicly and privately supported food and agriculture science activities and by relating Federal budget development and program management to these processes." The Council advises the Secretary and the Congress on priorities, policies, programs, planning, and coordination matters regarding the food and agriculture science and education system in the United States.

The council members held two meetings in fiscal year 1994. On February 12-16, 1994, in Washington, D.C., the Council and the User's Advisory Board (UAB) held their combined annual meeting. The Council addressed five top critical areas which would be the focus of its June 1994 report on priorities for fiscal year 1996. Twenty-one members attended.

The September 19-20, 1994, meeting also was held in Washington, D.C. The Council's agenda topics were agriculture studies, science and technology policy development, 1995 Farm Bill issues, reorganization of the Cooperative State Research Service and the Extension Service, and White House minority initiatives. Twenty-four members attended this meeting.

During fiscal year 1994, the Council published the Fiscal Year 1996 Priorities for Research, Extension, and Higher Education and Fiscal Year 1994-1995 Accomplishments.

In fiscal year 1995, the Council will conduct two meetings. At the February meeting the Council will review the proposed fiscal year 1996 budget and will write the first draft of its report on program priorities for fiscal year 1997 and its fiscal year 1995-1996 accomplishments. The September meeting will be on responsibilities in the 1995 Farm Bill.

Agricultural Science and Technology Review Board

The Board's purpose is to analyze technologies so that legitimate priorities for funding and strategies can be made on emerging agricultural and environmental science issues. The Board is mandated to write a technology assessment report on current and emerging technologies that advance the six purposes of research stated in Title 16 of the 1990 Farm Bill.

The Board met once in fiscal year 1994 on December 9-10, 1993, in Washington, D.C. The Board approved the final draft of the report on the technology assessments and planned a workshop on technology

assessment methodologies. The Board also distributed one thousand copies of the 1993 report on technology assessments. Eleven members attended this meeting.

Two meetings are scheduled in fiscal year 1995.

National Sustainable Agriculture Advisory Council

The Council is authorized to recommend projects that should receive funding, promote programs, coordinate research and extension activities, and establish general procedures for awarding and administering funds under the Sustainable Agricultural Research and Education program. The Council also considers recommendations for improving programs and facilitates cooperation and integration between sustainable agriculture, water quality, integrated pest management, food safety, and other related programs.

The Council held one meeting on June 2-4, 1994, in Washington, D.C. The Council formed three standing committees, established priorities for next year (policy statements, strategic plan, internal coordination, relevancy evaluation), requested that USDA serve as the central point for information dissemination and communications with the Committee, and initiated procedures to approve mandatory changes in Committee membership.

National Agricultural Cost of Production Standards Review Board

This Board reviews the adequacy, accuracy, and timeliness of the cost of production methodology used by the Department in determining specific cost of production estimates, reviews the adequacy of the parity formulae, advises the Secretary on such matters dealing with the cost of production of agricultural commodities and price support operations as the Secretary may request, and makes such recommendations to the Secretary as it deems appropriate, including ways in which the cost of production methodology and parity formulae can be improved.

The Board held meetings on February 17-18, 1994 and on July 10-11, 1994 in Washington, D.C. Actions focused on discussion of standardization of methodologies, progress on the 1993 Farm Costs and Returns Survey, reconciliation of net farm income and average farm operator household income, estimation of cow-calf operations, cost of environmental regulations on production agriculture, effects of compliance with environmental regulations on agricultural production costs, and cost of production estimation procedures.

Two meetings are planned for fiscal year 1995. The agenda for the meeting planned for February 17-18, 1995, includes discussion of procedures used to estimate the costs of irrigation and the implications of procedures used to estimate the costs of labor and capital replacement incorporated into the Economic Research Service's estimates of costs of production. A second meeting will be held in July or August.

MARKETING AND REGULATORY PROGRAMS:

Federal Grain Inspection Service Advisory Committee

This Committee provides advice on the implementation of the U.S. Grain Standards Act and the Agricultural Marketing Act. No meeting was held in fiscal year 1994. One full committee meeting is scheduled for fiscal year 1995.

Advisory Committee on Foreign Animal and Poultry Diseases

This Committee advises the Secretary on the means to prevent, suppress, control, or eradicate an outbreak of foot-and-mouth disease or other destructive foreign animal or poultry diseases should such diseases enter the United States. Committee duties involve advising and counseling on policy and regulatory action pertaining to dealing with an outbreak, changing practices in the production and marketing of animals, the importation of animals and animal products, and the handling and treatment of unusual, suspicious animal or poultry disease problems.

Fifteen members attended the Committee meeting held on June 28-30, 1994, in Laurel, Maryland. Topics of discussion included: Trade Issues, Foot-and-Mouth Disease Vaccine Bank, Salmonella enteritidis phage type 4 (SE phage type 4), avian influenza (AI), bovine spongiform encephalopathy (BSE), emergency preparedness, and the world disease status including hog cholera in Mexico and a screwworm eradication update.

Comments or recommendations made by the Committee addressed regionalization, trade negotiations, International Office of Epizootics participation, permanent appointees, BSE, SE, public relations/education, foreign animal disease preparedness, National Veterinary Services Laboratories' status/funding, and aquaculture disease/health inspection and certification for imported products and byproducts.

At least one meeting will be held in fiscal year 1995 to receive recommendations on subjects pertaining to preventing the introduction of foreign animal disease, environmental issues, strategic assessment, emergency preparedness, and animal import requirements.

General Conference Committee of the National Poultry Improvement Plan (NPIP)

The Committee represents cooperating State agencies and poultry industry members, and serves as liaison between the poultry industry and the U.S. Department of Agriculture on matters pertaining to poultry health.

The Committee met on January 26-29, 1994, in Nashville, Tennessee. The meeting was held in conjunction with the National Poultry Improvement Plan's Thirty-Second Biennial Conference. Thirteen members attended the Conference. Changes were made to the provisions of the NPIP to adopt a new classification Salmonella Enteritidis for primary meat type chicken breeding flocks, to develop bacterial examination protocol for baby chicks, and to comply with OGC regulations that require officers, chairmen and vice chairmen be elected by the members. Changes were also made to the Avian Mycoplasma testing protocol for the NPIP program.

Five program-related resolutions were made by the Committee: (1) to organize one or more wet lab training sessions, (2) to invite the ostrich industry to submit a proposal for the development of a National Ostrich Improvement Plan, (3) to request the Southeastern Poultry and Egg Association's assistance in acquiring a supply of reference reagents, (4) to develop a preharvest food safety program for the poultry industry (5) to assure that no data derived from required testing be revealed to other agencies or used for other than furtherance of authorized plan functions. An additional five resolutions were made by the committee recognizing the contributions of individual participants.

In fiscal year 1995, the Committee will conduct one meeting in Atlanta, Georgia, to develop long and short range plans. The Committee will also consider enactment, on an interim basis, of approved changes made to the provisions at the 1994 Biennial Conference.

National Animal Damage Control Advisory Committee

This Committee provides advice to the Secretary on policies, program issues, and research needed to conduct the Animal Damage Control program. Members represent a broad spectrum of agricultural, environmental and conservation groups, academia, and other interests.

The Committee met on November 17-18, 1993, in Falls Church, Virginia. Recommendations were made on topics including contingency and alternative funding for the animal damage control program, name change, research, preventive control, and wildlife damage management issues on public lands. Committee accomplishments included providing support for continued research on the oral rabies vaccine, support for contingency funding for the rabies program in South Texas, a commendation for the Wolf Management Specialist in Montana for his efforts to minimize wolf-livestock conflicts, and support of the continued use of preventive control to minimize wildlife damage.

One meeting is planned for fiscal year 1995.

National Organic Standards Board

The Board was established to provide recommendations to the Secretary on implementing the Organic Foods Production Act of 1990, which authorizes a national organic production program establishing national standards for the production and certification of organically produced foods.

During fiscal year 1994, two meetings were held: January 30-February 2 in Rosslyn, Virginia, and May 31-June 5 in Santa Fe, New Mexico. The Board approved recommendations for the organic farm plan, emergency spray exemptions, residue testing, planting stock policies, split farm operations, small farmer exemption, and policy on spray drift and misapplication. The Board also approved an organic handler plan for processors, labeling of organic foods, processing aids versus ingredients, livestock health plan, breeder stock, livestock sources and records, feed availability, accreditation of certifying agents, importation of organic products, definition of synthetics, and a recommendation on costs for first round of accreditation. The Board is working on a review of botanicals as required in the Act and on developing the National List of allowed synthetic substances.

The Board is scheduled to meet three times in fiscal year 1995 to complete the review of botanicals, determine the usage for allowed synthetic materials for the National List, and to approve additional recommendations for program implementation and operation.

FARM AND FOREIGN AGRICULTURAL SERVICES:

Agricultural Policy Advisory Committee for Trade

Agricultural Technical Advisory Committees for Trade (6)

The committees provide a formal mechanism to ensure ongoing liaison between the federal government and the private sector regarding international agricultural trade matters. Committees seek information and advice from representative elements and the private sector on negotiating objectives and bargaining positions before entering into a trade agreement, on the operation of any trade agreement once entered into. Committee members prepare reports to the Congress, to the President and to the U.S. Trade Representative regarding on going trade negotiations and on other matters arising in connection with the administration of United States trade policy.

Committees currently in existence are an Agricultural Policy Advisory Committee for Trade (APAC), and five Agricultural Technical Advisory Committees for Trade (ATACs) in agricultural commodities (animal and animal products; fruits and vegetables; grains, feeds and oilseeds; sweeteners; and tobacco, cotton and peanuts). A sixth committee is chartered but remains undesignated. This committee will be designated to represent additional elements of the agricultural sector after the new committee composition is reviewed. The composition of the ATACs was changed during the fiscal year. The number was reduced from ten to six, pursuant to Executive Order 12838. The APAC provides advice regarding overall agricultural trade issues, and the ATACs provide detailed technical advice and information on their respective commodities. Committees are composed of representatives of various agricultural interests such as farmers, farm and commodity organizations, processors, and traders, etc. Committees are reasonably limited in size with attention to representation from most aspects of the commodity trade and to minority and multi-sized entities.

During fiscal year 1994, some topics discussed in meetings were: 1) the Uruguay Round negotiations, 2) bilateral agricultural trade issues dealing with tariff and non-tariff barriers to trade, 3) the North American Free Trade Agreement (NAFTA), 4) the U.S.-Canada Free Trade Agreement (CFTA), 5) General Agreement on Tariffs and Trade (GATT) Article 28 notifications for various agricultural products, 6) sanitary and phytosanitary concerns, and 7) other issues relating to U.S. agricultural trade policy. All meetings were held in USDA facilities in Washington, D.C. Some committee members traveled to Geneva, Switzerland to assist U.S. negotiators during the conclusion of GATT negotiations. The Agricultural Policy Advisory Committee met once during the fiscal year. The Agricultural Technical Advisory Committees each met once during the fiscal year, except the Fruits and Vegetables committee, which met twice. The APAC and each ATAC submitted to the President and to the Congress of the United States, a report assessing the agreements reached during the Uruguay Round of GATT negotiations.

DEPARTMENTAL ADMINISTRATION:

Citizens Advisory Committee on Equal Opportunity

The Citizens Advisory Committee (CAC) on Equal Opportunity advises the Secretary on the effectiveness of Departmental civil rights and equal opportunity policies and practices and recommends changes that would strengthen the Department's efforts in this area. In fiscal year 1994, the Citizens Advisory Committee on Equal Opportunity charter was not renewed and no meetings were held.

AUTHORITY AND COMPOSITION OF USDA ADVISORY COMMITTEES

<u>Committee Title</u>	<u>USDA Agency</u>	<u>Descrip. of Committee Authority Statutory (S)/Discretionary (D)</u>	<u>Committee Membership</u>
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FOOD, NUTRITION AND CONSUMER SERVICES:

National Advisory Council on Maternal, Infant and Fetal Nutrition	FCS	S 42 U.S.C. 1786	24
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National Advisory Council on Commodity Distribution	FCS	S 42 U.S.C. 1786	15
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FOOD SAFETY:

National Advisory Committee on Meat and Poultry Inspection	FSIS	S 21 U.S.C. 601	15
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National Advisory Committee on Microbiological Criteria for Foods	FSIS	D Departmental Regulation 1043-28	25
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RESEARCH, EDUCATION AND ECONOMICS:

National Agricultural Research and Extension Users Advisory Board	CSREES	S 7 U.S.C. 3123	21
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Science and Education National Research Initiative Advisory Committee	CSREES	D Departmental Regulation 1043-5	17
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Nation Genetics Resources Advisory Council	ARS	S 7 U.S.C. 5843	9
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Dietary Guidelines Advisory Committee	ARS	D Departmental Regulation 1042-94	9
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National Nutrition Monitoring Advisory Council	ARS	S P.L. 101-445	9
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Animal Health Science Research Advisory Board	CSREES	S 7 U.S.C. 3194	12
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Forestry Research Advisory Council	CSREES	S 16 U.S.C. 582a	20
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Committee of Nine	CSREES	S 7 U.S.C. 361(c)3	9
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Agricultural Biotechnology Research Advisory Committee	CSREES	D Departmental Regulation 1042-87	15
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AUTHORITY AND COMPOSITION OF USDA ADVISORY COMMITTEES

<u>Committee Title</u>	<u>USDA Agency</u>	<u>Descrip. of Committee Authority Statutory (S)/Discretionary (D)</u>	<u>Committee Membership</u>
Joint Council on Food and Agricultural Sciences	CSREES	S 7 U.S.C. 3122	25
Agricultural Science and Technology Review Board	CSREES	S 7 U.S.C. 3123(a)	11
National Sustainable Agriculture Advisory Council	CSREES	S 7 U.S.C. 5812	28
National Agricultural Cost of Productions Standards Review Board	ERS	S 7 U.S.C. 4101	11

MARKETING AND REGULATORY PROGRAMS:

Federal Grain Inspection Service Advisory Committee	GIPSA	S 7 U.S.C. 87i	15
Advisory Committee on Foreign Animal and Poultry Diseases	APHIS	D Secretary's Memorandum 1781	19
General Conference Committee of the National Poultry Improvement Plan	APHIS	D Secretary's Memorandum 1758	13
National Animal Damage Control Advisory Committee	APHIS	D Departmental Regulation 1043-27	20
National Organic Standards Board	AMS	S 7 U.S.C. 6518	14

FARM AND FOREIGN AGRICULTURAL SERVICES:

Agricultural Policy Advisory Committee for Trade	FAS	D Departmental Regulation 1042-68	51
Ag. Tech. Adv. Comm. for Trade in:			
Animals & Animal Products	FAS	D Departmental Regulation 1042-68	25
Fruits and Vegetables	FAS	D Departmental Regulation 1042-68	26
Grain, Feed & Oilseeds	FAS	D Departmental Regulation 1042-68	30
Sweeteners	FAS	D Departmental Regulation 1042-68	16
Tobacco, Cotton & Peanuts	FAS	D Departmental Regulation 1042-68	25
To be designated	FAS	D Departmental Regulation 1042-68	25

DEPARTMENTAL ADMINISTRATION:

Citizen's Advisory Committee on Equal Opportunity	DA	D Secretary's Memorandum 1960	20
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HAZARDOUS WASTE MANAGEMENT

EXPLANATORY STATEMENT

The Hazardous Waste Management program was initiated in fiscal year 1988. The program is designed to promote facility compliance with respect to cleanup of past hazardous waste handling and disposal problems, to facilitate proper storage and disposal of currently generated hazardous wastes, and to initiate actions to reduce or eliminate hazardous wastes to assist in preventing pollution in the future.

1. The appropriation for hazardous waste management is to meet the requirements of the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), the Resource Conservation and Recovery Act (RCRA), and the Pollution Prevention Act (PPA). These statutes along with Executive Orders and accompanying regulations require Federal agencies to meet the same standards for storage and disposal of hazardous wastes as the private sector. They also require agencies to prevent pollution through source reduction, recycling and other prevention activities. The program is nationwide and involves a total of 10 agencies and/or offices.

2. The overall objective of the program is to achieve compliance with the requirements of applicable environmental laws. Because potentially serious problems were identified at a number of old hazardous waste disposal sites, a special initiative was established in fiscal year 1988. A central fund was established from which funds are allocated to USDA agencies to correct compliance problems in a systematic and professional manner. This approach allows USDA to address high priority problems without disrupting agency programs.

3. The work under CERCLA includes site discovery, preliminary assessments (PA), site investigations (SI), remedial investigations/feasibility studies (RI/FS), and removal or remedial actions which involve the actual cleanup of the site. The work under RCRA involves compliance with underground storage tank (UST) requirements. This work has progressed to the stage that much of the program involves cleanup of soil and ground water contamination from leaking UST's. The work under PPA includes activities to reduce or eliminate the generation of hazardous wastes. It also allows for monitoring heating oil tanks to prevent pollution which is currently not covered by Federal regulations.

The site investigation and cleanup work for both CERCLA and RCRA is handled by the individual agencies with oversight by the Department. Because of the special training and expertise needed to conduct these activities, virtually all of the work will be contracted to qualified firms in the private sector through either a negotiated solicitation or a competitive bid process. The work is conducted throughout the country and must meet the numerous requirements of the Environmental Protection Agency (EPA) and State regulatory agencies.

4. The Hazardous Waste Management Program Group consists of three full-time permanent positions in the Forest Service. These positions are located in Washington, D.C. The Director of the group reports directly to the Assistant Secretary for Administration. As circumstances dictate, agencies with hazardous waste management funding may deploy their own staff on hazardous waste management activities at sites throughout the nation.

5. The General Accounting Office (GAO) completed an audit in April 1994 entitled: "Federal Facilities, Agencies Have Been Slow to Determine the Scope and Cost of their Hazardous Waste Cleanup Problems." The report evaluated the status of Federal efforts to identify facilities for clean-up, costs associated with cleanup, and any obstacles preventing progress to clean-up. In addition, the GAO is currently conducting an audit entitled: "Opportunities for Environmental Auditing by Federal Agencies," to examine the environmental benefits and cost savings resulting from environmental auditing.

The Office of the Inspector General completed an audit on the "USDA Underground Storage Tank Program" in fiscal year 1994. The report found that USDA had made substantial progress in upgrading underground storage tanks; however, recommendations were made for even more effectiveness. Management actions were developed and approved in response to the OIG recommendations. In addition, the OIG is currently conducting an audit on "Abandoned Mines" to determine the Department's efforts in meeting the requirements of CERCLA and RCRA for mining activities.

HAZARDOUS WASTE MANAGEMENT

Available Funds and Staff-Years 1994 Actual and Estimated, 1995 and 1996

Item	1994 Actual		1995 Estimated		1996 Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Direct Appropriation.....	\$15,802,000	3	\$15,700,000	3	\$15,700,000	3
Deduct allotments to other agencies:						
Commodity Credit Corporation.....	-3,163,000	--	-3,025,000	--	- 3,175,000	--
Forest Service.....	-7,990,000	--	-7,115,000	--	- 7,115,000	--
Agricultural Research Service.....	-1,455,200	--	-1,880,000	--	-1,580,000	--
Natural Resources Conservation Svc.....	-70,000	--	---	--	---	--
Farm Service Agency....	-2,000,000	--	-2,200,000	--	-2,500,000	--
Animal and Plant Health Inspection Service.....	-300,000	--	-150,000	--	---	--
Office of the General Counsel.....	-576,000	--	-640,000	--	- 640,000	--
Food Safety and Inspection Service.....	-240,000	--	-290,000	--	-290,000	--
Grain Inspection, Packers and Stockyards Administration.....	-7,800	--	---	--	---	--
Program Administration	---	--	-400,000	--	-400,000	--
Total Allotments.....	-15,802,000	--	-15,700,000	--	-15,700,000	--
Total, Hazardous Waste Management.....	0	3	0	3	0	3

HAZARDOUS WASTE MANAGEMENT

CLASSIFICATION BY OBJECTS1994 and Estimated 1995 and 1996

	<u>1994</u>	<u>1995</u>	<u>1996</u>
Personnel Compensation: a/			
11 Total personnel compensation.....	\$2,809,000	\$3,231,000	\$3,231,000
12 Personnel benefits.....	609,000	683,500	683,500
13 Benefits for former personnel	<u>26,000</u>	<u>27,000</u>	<u>27,000</u>
Total personnel compensation & benefits....	<u>3,444,000</u>	<u>3,941,500</u>	<u>3,941,500</u>
Other Objects:			
21 Travel.....	294,000	239,000	239,000
22 Transportation of things.....	11,000	8,000	8,000
23.3 Communications, utilities, and misc. charges.....	82,000	75,500	75,500
24 Printing and reproduction.....	5,000	4,000	4,000
25.2 Other services.....	13,794,805	11,772,745	11,196,000
26 Supplies and materials.....	139,000	91,000	91,000
31 Equipment.....	158,000	115,000	115,000
32 Land and structure.....	81,000	30,000	30,000
33 Investments and Loans.....	1,000	---	---
42 Insurance claims & indemnities.....	1,000	---	---
43 Interest and dividends.....	<u>2,000</u>	<u>---</u>	<u>---</u>
Total other objects.....	<u>14,568,805</u>	<u>12,335,245</u>	<u>11,758,500</u>
Total direct obligations.....	<u>18,012,805</u>	<u>16,276,745</u>	<u>15,700,000</u>

a/ Staff years for oversight of hazardous waste management activities are included in the Forest Service. The Hazardous Waste Management Program Group charges this appropriation for hours worked on oversight and technical assistance. The Forest Service charges this appropriation for operational activities associated with hazardous waste management cleanup. In addition, other USDA agencies charge this appropriation for portions of salaries and benefits for staff time devoted to hazardous waste management activities.

HAZARDOUS WASTE MANAGEMENT

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Hazardous Waste Management

For necessary expenses of the Department of Agriculture, to comply with the requirement of section 107(g) of the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, 42 U.S.C. 9607(g), and section 6001 of the Resource Conservation and Recovery Act, as amended, 42 U.S.C. 6961, \$15,700,000, to remain available until expended: Provided, That appropriations and funds available herein to the Department [of Agriculture] for hazardous waste management may be transferred to any agency of the Department for its use in meeting all requirements pursuant to the above Acts on Federal and non-Federal lands.

HAZARDOUS WASTE MANAGEMENT

Appropriations Act, 1995.....	\$15,700,000
Budget Estimate, 1996.....	<u>15,700,000</u>
Increase in Appropriation.....	<u>+ 0</u>

PROJECT STATEMENT
(On basis of appropriation)

	1994 Actual		1995 Estimated		Increase or Decrease	1996 Estimated	
	Amount	Staff- Years	Amount	Staff- Years		Amount	Staff- Years
Hazardous Waste Mgmt.....	\$15,225,255	3	\$15,700,000	3	---	\$15,700,000	3
Unobligated Balance end of year.....	+576,745	---	---	---	---	---	---
Total available or estimate.....	15,802,000	3	15,700,000	3	---	15,700,000	3

PROJECT STATEMENT
(On basis of available funds)

	1994 Actual		1995 Estimated		Increase or Decrease	1996 Estimated	
	Amount	Staff- Years	Amount	Staff- Years		Amount	Staff- Years
Hazardous Waste Mgmt.....	\$15,802,000	3	\$15,700,000	3	---	\$15,700,000	3
Recovery of prior year obligation.....	+1,017,277	--	---	--	---	---	--
Unobligated Balance start of year.....	+1,770,273	--	+576,745	--	-576,745	---	--
Unobligated Balance end of year.....	-576,745	--	---	--	---	---	--
Total available or estimate.....	18,012,805	3	16,276,745	3	-576,745	15,700,000	3

JUSTIFICATION OF INCREASES AND DECREASES

No increase is requested in direct appropriations for this account. USDA agencies are responsible for hazardous waste clean-up activities and agency funds, as well as funds from this appropriation, are used to cover the costs associated with these activities. In addition, approximately \$30 million of funds from other USDA agencies will be used for CERCLA/RCRA hazardous waste management activities in 1996.

Hazardous Waste Management
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1994 and Estimated 1995 and 1996

	1994		1995		1996	
	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>
District of Columbia.....	\$15,255,255	3	\$15,700,000	3	\$15,700,000	3
Unobligated Balance.....	576,745	--	---	--	---	--
Total, Available or Estimate.	15,802,000	3	15,700,000	3	15,700,000	3

HAZARDOUS WASTE MANAGEMENT

STATUS OF PROGRAM

This program provides for facility compliance with the requirements of the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), the Resource Conservation Recovery Act (RCRA), and the Pollution Prevention Act (PPA).

In August 1985, USDA initiated a Nationwide survey to determine the overall scope of the problems associated with the past unregulated hazardous waste disposal practices and the current regulation of hazardous waste substances. USDA agencies identified and reported on facilities or sites in violation of applicable standards resulting in contamination of ground or surface water, as well as the release of hazardous substances. The initial survey identified a number of hazardous waste problems, which included improper handling of toxic chemicals at research facilities, inadequate storage of pesticides and other hazardous substances, and leaking underground storage tanks. Based on the potential magnitude of the costs of compliance, a central fund was created in fiscal year 1988 from which resources are reallocated to USDA agencies according to established need.

Current Activities:

CERCLA Program

Much of the activity under this program has been directed toward site discovery, preliminary assessments, and site investigations aimed at verifying and quantifying individual project and overall program requirements. This step in the CERCLA process is important because it establishes the basis for further actions, as the data gathered is used to determine the next phases that may be necessary. For example, the Forest Service (FS) has identified a number of serious problems associated with past mining activities and abandoned mining wastes and with permitted municipal landfills located on National Forest lands. The Farm Service Agency also has identified the need to cleanup hazardous wastes on properties obtained through foreclosure. All of these problems are expected to continue in the near future. Efforts are underway to recover costs for this work from viable potential responsible parties (PRP's), or to get the PRP's to agree to fund the cleanup with USDA oversight.

In fiscal year 1994, USDA agencies initiated investigations at over 272 CERCLA sites. This work included preliminary assessments (PA's), and site investigations (SI's), and four feasibility studies. Of this total the Commodity Credit Corporation (CCC) completed two PA's, four SI's and three feasibility studies. SI's were initiated at three additional CCC sites along with one additional FS. All of the documents associated with these assessments, investigations, and studies have been submitted to the Environmental Protection Agency (EPA) and the appropriate State agencies for their review and approval.

Cleanup activities were completed at 96 sites. Many cleanups involved emergency removal actions associated with illegal dumps and hazardous material spills. However, many other cleanups involved removal or remedial actions which have resulted in permanent cleanup of the sites. For example, the Farm Service Agency completed cleanup at over 61 sites which involved removal of containerized waste and proper disposal of contaminated material. The Agricultural Research Service completed major cleanup contracts at Beltsville, Maryland and Brownsville and Weslaco, Texas.

RCRA Program

The activity under this program has been directed toward compliance with underground storage tank (UST) requirements. This includes leak testing, monitoring tank removal, repair or replacement, and cleanup activities. USDA agencies made significant progress in this program this year by completing the following:

- **Forest Service** completed removal and cleanup of UST's at 43 sites;
- **Farm Service Agency** removed 76 tanks;
- **Rural Housing and Community Development Service** removed 8 tanks;
- **Natural Resources Conservation Service (NRCS) formerly, Soil Conservation Service (SCS)** completed removal of UST's at 1 site in California; and
- **Animal and Plant Health Inspection Service (APHIS)** removed 5 UST's and awarded a contract for removal of 10 other UST's.

In addition to UST compliance, RCRA activities included the treatment and disposal of hazardous wastes. The Forest Service faces potentially serious problems related to small, local municipal landfills that have been permitted on National Forest lands. Leachate from these facilities is causing both soil and ground water contamination. In many cases where local communities do not have the resources to take necessary corrective action, the Forest Service will be held liable as manager of the lands.

In fiscal year 1994, the Forest Service completed disposal of accumulated hazardous wastes at five sites. Other agencies also were involved in RCRA cleanup activities during fiscal year 1994. For example, the NRCS installed equipment to reduce or eliminate waste pesticides and rinse waters in Arkansas. The NRCS also completed improvements for handling waste pesticides at facilities in Idaho, Maryland and Georgia. APHIS completed all large quantity hazardous waste activities and closed two of its three gasoline dispensing facilities. The Food Safety and Inspection Service (FSIS) initiated investigations for reductions of hazardous waste in their laboratory operations and contracted for improvements in hazardous waste handling at their Mid-Western Laboratory.

OFFICE OF THE CHIEF FINANCIAL OFFICER

EXPLANATORY STATEMENT

Under authority outlined in the Reorganization Plan No. 2 of 1953 (7 U.S.C. 2201), the Secretary of Agriculture established the Office of the Chief Financial Officer (OCFO) in fiscal year 1995. The newly established office is comprised of the Chief Financial Officer previously part of the Office of the Secretary, and the Office of Finance and Management previously under Departmental Administration.

The Chief Financial Officers Act of 1990 established a Chief Financial Officer to provide overall direction and leadership in the development of modern Federal financial management structures and systems. OCFO provides leadership, expertise, coordination and evaluation in the development of Department and agency programs in financial management, accounting, Federal assistance, and performance measurements. OCFO directs, develops, implements and operates common financial, administrative accounting, recordkeeping, and related systems for all USDA agencies and some cross-served Federal agencies through the National Finance Center (NFC). It is also responsible for the management and operation of the NFC and the Working Capital Fund (WCF). The OCFO also provides budget, accounting, and fiscal services to the Office of the Secretary, Office of Communications, Departmental Staff Offices and Executive Operations.

Headquarters of OCFO is located in Washington D.C. In addition, administrative and financial services financed through the Working Capital Fund are provided by the National Finance Center located in New Orleans, Louisiana.

As of September 30, 1994, there were 1,655 employees, of which 1,575 were full-time permanent employees and 80 other than full-time permanent employees. These employees were assigned as follows:

<u>Location</u>	<u>Full-Time Permanent</u>	<u>Other</u>	<u>Total</u>
Washington, D.C.	73	--	73
New Orleans, Louisiana	<u>1,502</u>	<u>80</u>	<u>1,582</u>
Total	1,575	80	1,655

Office of the Inspector General Reports

#11099-28-FM: 04/08/94 Effectiveness of Correction Action.
 #11099-32-FM: 02/24/94 Selected Aspects of Computer Security at NFC.
 #11099-33-FM: 06/04/93 PCIE Review of Agency Payroll Functions Relating to the Collection and Transfer of Federal Employee Benefit Funds.
 #11099-37-FM: 09/30/94 Review of the NFC Automated Time and Attendance System.
 #11099-38-FM: 06/08/94 Validation of the Prompt Payment Act Quality Control Program.
 #11600-1-FM: 03/31/94 General Controls Review.
 #11800-1-AT: 06/27/94 Treasury Reconciliation Procedures.
 #50050-AT: 08/02/94 Federal Civilian Agencies Aircraft Management.
 #50099-43-AT: 09/30/94 Unemployment Compensation for Federal Civilian Employees Program.
 #50600-2-FM: 03/31/94 Financial Statements as of and for or the Year Ended September 30, 1991.
 #50600-6-FM: 03/24/94 Financial Statements FY 1992.
 #50600-7-AT: 04/28/94 Federal Employees' Compensation Act Program.
 #50600-11-FM: 01/05/94 Management Issues Identified During Audit of USDA Fiscal Year 1992

Financial Statements.

#50600-13-FM: 10/20/94 Consolidated Financial Statements for Fiscal Year 1993.

#50600-15-FM: 11/29/94 Management Issued Identified During Audit of USDA Fiscal Year 1993 Financial Statements.

General Accounting Office Reports

Closed during FY 1994:

RCED-93-9 Safety and Health: Asbestos in Federal Buildings.

Open Audits for FY 1995:

RCED-90-19 U.S. Department of Agriculture: Interim Report on Ways to Enhance Management.

RCED-91-9 U.S. Department of Agriculture: Farm Agencies' Field Structure Needs Major Overhaul.

RCED-91-41 U.S. Department of Agriculture: Improving Management of Cross-Cutting Agricultural issues.

RCED-91-49 U.S. Department of Agriculture: Strengthening Management Systems to support Secretarial goals.

OFFICE OF THE CHIEF FINANCIAL OFFICER

Available Funds and Staff-Years1994 Actual and Estimated, 1995 and 1996

Item	1994 Actual		1995 Estimated		1996 Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Direct Appropriation:	\$4,141,000	55	\$4,133,000	70	\$4,952,000	78
<u>Obligations Under Other</u>						
<u>USDA Appropriations:</u>						
Management Support						
Services Provided to						
WCF Activities.....	1,179,661	15	1,337,000	15	1,338,000	15
InfoShare.....	28,885	--	--	--	--	--
Total Reimbursements	1,208,546	15	1,337,000	15	1,338,000	15
<u>Working Capital Fund:</u>						
National Finance						
Center.....	89,979,000	1,363	93,605,000	1,340	93,333,000	1,300
Financial Information						
Systems.....	2,954,000	--	1,314,000	--	1,585,000	--
Thrift Savings Plan.....	19,255,000	250	23,415,000	264	25,054,000	281
Purchase of Equipment.	5,758,452	--	15,081,156	--	9,868,404	--
Total, Working Capital						
Fund.....	117,946,452	1,613	133,415,156	1,604	129,840,404	1,581
Total, Other USDA						
Appropriations.....	119,154,998	1,628	134,752,156	1,619	131,178,404	1,596
Total, Agriculture						
Appropriations.....	123,295,998	1,683	134,752,156	1,689	131,178,404	1,674
<u>Other Federal Funds:</u>						
Corporation for National						
Community Services...	36,769	--	45,307	--	--	--
Total, Office of the Chief						
Financial Officer.....	123,332,767	1,683	134,797,463	1,689	131,178,404	1,674

OFFICE OF THE CHIEF FINANCIAL OFFICER

Permanent Positions by Grade and Staff-Year Summary1994 and Estimated 1995 and 1996

Grade	1994			1995			1996		
	Wash DC	Field	Total	Wash DC	Field	Total	Wash DC	Field	Total
Exec Level IV.....	1	0	1	1	0	1	1	0	1
ES-6.....	2	0	2	2	0	2	2	0	2
ES-5.....	0	1	1	0	1	1	0	1	1
ES-4.....	1	2	3	1	2	3	1	2	3
ES-3.....	0	1	1	0	1	1	0	3	3
ES-2.....	0	0	0	0	2	2	0	0	0
ES-1.....	0	2	2	0	0	0	0	0	0
GS-15.....	6	10	16	6	9	15	6	9	15
GS-14.....	17	38	55	9	37	46	9	36	45
GS-13.....	29	106	135	35	114	149	39	115	154
GS-12.....	8	208	216	5	215	219	5	215	220
GS-11.....	10	213	223	2	212	217	1	210	211
GS-10.....	2	16	18	6	15	17	7	15	22
GS-9.....	4	54	58	0	65	71	15	60	75
GS-8.....	0	29	29	14	27	27	0	29	29
GS-7.....	5	193	198	1	200	214	5	198	203
GS-6.....	3	179	182	5	183	184	1	185	186
GS-5.....	0	209	209	2	245	250	8	235	243
GS-4.....	2	156	158	0	145	147	1	140	141
GS-3.....	0	54	54	0	55	55	0	52	52
GS-2.....	0	48	48		47	47	0	47	47
Ungraded Positions.....	0	23	23	0	21	21	0	21	21
Total, Permanent Positions.....	90	1,542	1,632	93	1,596	1,689	101	1,573	1,674
Unfilled Positions end-of-year.....	-18	0	-18	--	--	--	--	--	--
Total, Permanent Employment, end-of-year.....	72	1,542	1,614	93	1,596	1,689	101	1,573	1,674
Staff-Year Ceiling.....	78	1,605	1,683	93	1,596	1,689	101	1,573	1,674

OFFICE OF THE CHIEF FINANCIAL OFFICER
CLASSIFICATION BY OBJECTS
1994 and Estimated 1995 and 1996

	<u>1994</u>	<u>1995</u>	<u>1996</u>
Personnel Compensation:			
Washington, D.C.....	3,055,692	3,016,000	3,549,000
11 Total personnel compensation.....	\$3,055,692	\$3,016,000	\$3,549,000
12 Personnel benefits.....	500,499	530,000	744,000
13 Benefits for former personnel	101,950	76,000	0
Total personnel compensation & benefits....	<u>3,658,141</u>	<u>3,622,000</u>	<u>4,293,000</u>
Other Objects:			
21 Travel.....	24,042	47,000	62,000
22 Transportation of things.....	375	0	0
23.3 Communications, utilities, and misc. charges.....	105,813	161,000	177,000
24 Printing and reproduction.....	40,384	65,000	73,000
25.2 Other services.....	153,121	179,000	243,000
26 Supplies and materials.....	42,453	48,000	65,000
31 Equipment.....	52,169	11,000	39,000
Total other objects.....	<u>418,357</u>	<u>511,000</u>	<u>659,000</u>
Total direct obligations.....	<u>4,076,498</u>	<u>4,133,000</u>	<u>4,952,000</u>
<u>Position Data:</u>			
Average Salary, ES positions.....	116,482	117,558	119,970
Average Salary, GS positions.....	45,448	41,692	42,589
Average Grade, GS positions.....	11.40	11.17	11.16

OFFICE OF CHIEF FINANCIAL OFFICER

The estimates include appropriation language for this item as follows (new language underscored, deleted matter enclosed in brackets):

For necessary expenses of the Office of the Chief Financial Officer, including employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), of which not to exceed \$10,000 is for employment under 5 U.S.C. 3109, \$4,952,000.

This language will create a separate appropriation for the Office of the Chief Financial Officer. This appropriation is comprised of the Chief Financial Officer previously financed under the Office of the Assistant Secretary for Administration, and the Office of Finance and Management previously financed under the Departmental Administration appropriation account.

OFFICE OF THE CHIEF FINANCIAL OFFICER

Appropriations Act, 1995.....	0
Budget Estimate, 1996.....	<u>\$4,952,000</u>
Increase in Appropriation.....	<u>+4,952,000</u>

Adjustments in 1995:

Appropriations Act, 1995.....	0
Function transferred from Office of the Secretary a/.....	+\$580,000
Function transferred from Departmental Administration b/.....	+4,477,000
Function transferred to Office of Personnel c/.....	<u>-924,000</u>
Adjusted base for 1995.....	4,133,000
Budget Estimate, 1996.....	<u>4,952,000</u>
Increase over adjusted 1995.....	<u>+819,000</u>

a/ Pursuant to the authority given to the Secretary in Reorganization Plan No. 2 of 1953, the Chief Financial Officer function was transferred from the Office of the Secretary.

b/ Pursuant to the authority given to the Secretary in Reorganization Plan No. 2 of 1953, the Office of Finance and Management function was transferred from Departmental Administration.

c/ Pursuant to the authority given to the Secretary in Reorganization Plan No. 2 of 1953, the safety and health management function was transferred to the Office of Personnel.

SUMMARY OF INCREASES AND DECREASES
(on basis of adjusted appropriation)

<u>Item of Change</u>	<u>1995</u> <u>Estimated</u>	<u>Program</u> <u>Changes</u>	<u>Pay Cost</u>	<u>Other</u> <u>Changes</u>	<u>1996</u> <u>Estimated</u>
Chief Financial Officer..	\$4,133,000	+\$735,000	+\$78,000	+\$6,000	<u>\$4,952,000</u>

PROJECT STATEMENT
(On basis of adjusted appropriation)

	1994 Actual		1995 Estimated		Increase or Decrease	1996 Estimated	
	Amount	Staff- Years	Amount	Staff- Years		Amount	Staff- Years
Chief Financial Officer.....	\$4,076,498	55	\$4,133,000	70	+\$819,000	\$4,952,000	78
Unobligated balance.....	64,502	--	--	--	--	--	--
Total Available or estimate.....	4,141,000	55	4,133,000	70	+\$819,000(1)	4,952,000	78
Transferred from OSEC.....	-575,000	-5	-580,000	-5			
Transferred from DA.....	-4,466,000	-64	-4,477,000	-79			
Transferred to OP.....	+900,000	+14	+924,000	+14			
Total Appropriation...	0	0	0	0			

JUSTIFICATION OF INCREASES AND DECREASE

- (1) A net increase of \$819,000 and 8 staff years for Finance and Management, consisting of:
- (a) An increase of \$78,000 including \$17,000 for annualization of the fiscal year 1995 pay raise, \$61,000 for the pay raise of fiscal year 1996.
 - (b) An increase of \$16,000 which reflects a 3.0 percent increase in non-salary costs.
 - (c) An increase of \$4,000 which reflects \$2,000 for one extra day's pay in fiscal year 1996 and \$2,000 for within grade increases.
 - (d) An increase of \$735,000 including \$550,000 and 8 staff years for the reinvention of USDA financial systems and \$185,000 for the preparation of auditable financial statements.

Reinvention of USDA financial systems:

The financial systems at USDA need remedial action to address General Accounting Office and Office of the Inspector General audit findings and concerns that keep this area in the Office of Management and Budget's "high-risk" category. Some of the deficiencies cited include a lack of consistent and accurate application of accepted accounting principles, lack of supporting documentation to substantiate reports, inability to accurately report on USDA's investment in loans receivable, lack of integration between the Departmental financial system and the various agency subsystems, and a lack of modern database technology.

For example, USDA currently operates numerous non-integrated, inconsistent financial information systems. As a result, many USDA agencies must maintain costly, duplicative records in order to provide for the reconciliation of financial information at the end of each year. This use of "cuff" records is a time-consuming and costly practice. In addition, the fragmented systems do not provide policy, program, management and operating staff with necessary financial information in a timely manner or provide the Department with a common language for financial management. In an effort to remedy this situation, the Department has initiated the Financial Information Systems Vision and Strategy (FISVIS) project to address and resolve many of these issues.

Cost information is necessary for cost awareness and cost control, for performance measurement, determining reimbursement and setting fees, for making program decisions or good economic choice decisions. Currently, USDA program managers have little information on the cost of providing services; thus, their ability to "manage by results" through performance measurement is seriously inhibited. There is also a need for better information to support the many programs where fees are charged to recover full costs of products or services provided to the public, and for determining reimbursements for services and products provided to other agencies. USDA collects over \$2.5 billion in various fee and charge programs (i.e., inspection services, marketing services, timber sales, etc.).

These resources support the standardization of financial information; development of FISVIS; correction of system deficiencies which result in high risk areas; assure improved control over fraud, waste and abuse; streamline processes to eliminate paperwork and develop cost accounting information for cost awareness and cost control. These resources are critical to providing reliable, complete, accurate financial information to policy, program, management and operating personnel when and where they need it. Operating costs of central financial systems will be reduced. Existing cuff records will be eliminated, freeing significant resources to be targeted to other efforts. Financial, program, and budget information systems will be integrated, providing information for performance measurement and for management by results. More accurate and timely information will be available to Congress; future systems efforts can be coordinated; consolidated financial statements can be prepared in a timely manner; and GAO, OMB and OIG concerns about controls will be alleviated. As we reduce time to prepare and audit financial statements, the Department will "free up" staff years for other purposes; streamlining processes to eliminate paperwork will result in potential savings Departmentwide. Our exposure to risk of loss from fraud, waste and abuse will be reduced.

Preparation of auditable financial statements:

USDA annually prepares a Departmentwide and seven agencywide financial statements. These must be submitted to OMB by March 1 following the end of each fiscal year. In fiscal year 1993 the Department and Forest Service received qualified opinions and the Department's statement was five months late. In fiscal year 1991 and fiscal year 1992 both the Department and Forest Service received adverse opinions and the Department's statements were very late (12 months after end of year being audited). These, and other audits have identified numerous, significant weaknesses in financial systems and internal controls.

Audited financial statements provide significant benefits. Statements will be prepared with unqualified opinions, on time so they are useful for decision making and resource allocation by USDA policy and program personnel. Underlying financial systems will also be upgraded. Timely, audited financial statements will provide better information for Congress. The unqualified opinions will provide credible information. At the same time our reinvented financial systems will eliminate material weaknesses and improve underlying systems thus enhancing the credibility and usefulness of the information our systems provide.

The preparation of auditable financial statements will provide agencies with accurate, reliable financial data for policy planning and program evaluation. As we reduce time to prepare and audit statements, the Department will "free up" at least 50 staff years per year for other purposes and over \$2.5 million in USDA agency labor costs and untold dollars through higher quality decisions. (Since USDA received no additional funding for preparing and auditing annual financial statements, the resources have been taken from other critical purposes. "Freed up" resources will be returned to original purposes.)

(e) A decrease of \$14,000 for administrative efficiency.

In support of the Secretary's streamlining efforts and the President's Executive Order to reduce over-head type outlays from the fiscal year 1993 baseline, budget authority is reduced by \$14,000. In order to achieve these savings, OCFO will reduce discretionary expenses in areas such as travel, training, and supplies.

Office of the Chief Financial Officer
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1994 and Estimated 1995 and 1996

	1994		1995		1996	
	<u>Amount</u>	<u>Staff-Years</u>	<u>Amount</u>	<u>Staff-Years</u>	<u>Amount</u>	<u>Staff-Years</u>
District of Columbia.....	\$4,076,498	55	\$4,133,000	70	\$4,952,000	78
Unobligated Balance.....	64,502	--	--	--	--	--
Total, Available or Estimate.....	4,141,000	55	4,133,000	70	4,952,000	78

OFFICE OF THE CHIEF FINANCIAL OFFICER

STATUS OF PROGRAM

The Office of the Chief Financial Officer (OCFO) through partnerships with the United States Department of Agriculture (USDA) mission agencies and other TEAM USDA service organizations promotes and provides financial management services and leadership to support quality program delivery in all USDA program areas. The Chief Financial Officer (CFO) organization supports the mission agencies in the provision of services to clients and recipients. The CFO organization has Departmentwide leadership responsibility for financial operations, activities, systems, and personnel. The CFO is both the chief financial management policy officer and the chief financial management advisor to the Secretary and mission area heads.

Current Activities:

- Financial Management Systems. The OCFO, with support from the USDA financial community, is developing a comprehensive financial management system to meet the Department's needs. This system will provide timely, accurate, and useful financial management information to meet the necessary requirements of the Department's internal and external users.
- Management Control. OCFO is responsible for assisting and monitoring the Department's management control process in high risk areas. These high risk areas include the Department's Financial Information Systems, InfoShare, and remedial action programs in the Food and Consumer Service (formerly Food and Nutrition Service), Rural Housing and Community Development Service and Farm Service Agency (formerly Farmers Home Administration). USDA has initiated the development and implementation of performance measures that will be used to provide an overview of USDA's operations to readers of the Department's financial statements.
- Debt Management. The OCFO is responsible for coordinating and guiding USDA agencies in the credit management and debt collection program. As of September 30, 1993, USDA had \$113.1 billion in gross accounts and loans receivable, delinquencies of about \$11 billion and allowance for losses of approximately \$29.1 billion. This consisted, for the most part, of over 1.4 million direct loans made by the Commodity Credit Corporation, the Farmers Home Administration (FmHA), and the Rural Electrification Administration. FmHA manages about 95 percent of the direct loans. The above does not include loan guarantees for which USDA is contingently liable. USDA uses the debt collection initiatives authorized by the Debt Collection Act of 1982 whenever possible.
- Cash Management. The OCFO provides direction to all USDA agencies to expand the use of electronic mechanisms for its customers. There will be an expanded use of the Automated Clearing House process; Electronic Funds Transfer; Credit Card Collection Network; International Merchant Purchase Authorization Card; Lockbox; and Automated Clearing House/Pre-Authorized Debit. With the expanded use of electronic mechanisms, USDA will be assured of the orderly, efficient, and timely transfer, collection, and payment of funds. USDA has 113 mechanisms for tracking cash flows. For fiscal year 1994, there were 58 collection cash flows totaling \$20 billion, and 55 disbursement cash flows totalling \$21 billion. Collections increased by 17 percent and disbursements increased by 23 percent from the use of improved cash management mechanisms. A Current Asset Management Review

and Analysis (CAMRA) is underway. The CAMRA will include two comprehensive reviews of USDA's cash flows and lead to improved cash management recommendations and initiatives.

- Government Performance and Results Act (GPRA): The OCFO is responsible for implementing the requirements of GPRA Departmentwide. GPRA establishes guidelines and timeframes for outcome/results oriented strategic plans throughout the Federal government. USDA is well on its way toward implementing GPRA, with the development of eight pilot projects, which are located in the following USDA agencies:
 - Animal and Plant Health Inspection Service
 - Cooperative State Research, Education and Extension Service (formerly Extension Service)
 - Rural Housing and Community Development Service (formerly Farmers Home Administration)
 - Forest Service
 - Office of Communications
 - Office of Civil Rights Enforcement
 - Grain Inspection, Packers and Stockyards Administration (formerly Federal Grain Inspection Service and Packers and Stockyards Administration)
 - Natural Resources Conservation Service (formerly Soil Conservation Service)
- Financial Statements. USDA, as a pilot agency under the CFO Act of 1990, is required to prepare and audit financial statements on an annual basis. USDA's consolidated financial statements cover 42 agencies and offices with annual budget authority totaling more than \$67 billion, and approximately \$144 billion in assets. The statements present the current cost of operations and investment decisions, including the need for cash and other resources. The OCFO financial statement efforts focus on continued improvement in the preparation and audit of USDA's consolidated financial statements, as well as individual agency financial statements. The individual agency statements include: (1) Farmers Home Administration; (2) Commodity Credit Corporation; (3) Rural Electrification Administration; (4) Rural Telephone Bank; (5) Forest Service; (6) Food and Nutrition Service; and (7) Federal Crop Insurance Corporation. The remaining USDA agencies are combined under the caption "All Other Agencies" and subject to auditing procedures applied in the examination of the consolidated financial statements.
- Grants Management Regulations. The OCFO develops, coordinates, trains, and oversees the implementation of Departmentwide grants management regulations.
- Central Management Control Systems. The OCFO develops and oversees the central management control systems including the Federal Assistance Awards Data system, the USDA portion of the Catalog of Federal Domestic Assistance, the central certification system for Drug-Free Workplace, the Debarment and Suspension system and the Single Point of Contact with States system.
- Management Reports. The OCFO prepares the semiannual management reports for submission to Congress as required by the Inspector General Act Amendments of 1988.
- Travel Policy. The OCFO oversees and guides travel management initiatives and acts as contract administrator for: Travel Management Center Program (TMC), Relocation Services Program, and Travel and Transportation Payment and Expense Control System.

- OMB Requirements. The OCFO implements the following: Single Audit Act of 1984, Public Law (P.L.) 98-502 (OMB Circular A-128) requirements and reporting on noncompliance by State and local governments and the Audits of Institutions of Higher Education and Other Nonprofit Institutions (OMB Circular A-133) requirements.
- Travel Management Center Program (TMC) Oversight. The OCFO also provides day-to-day operational oversight to the Washington, D.C. TMC's. USDA agencies purchase more than \$15 million per year in common carrier services from the Washington, D.C. TMC's. OCFO's oversight ensures compliance with Federal and Department policies and ensures that the TMC's provide the agencies with the most economical transportation services.

Selected Examples of Recent Progress:

- Financial Management Systems. The need for change prompted the OCFO to establish a highly-trained, full-time project team to develop the Financial Information Systems Vision and Strategy (FISVIS) concept. FISVIS is in the process of developing and implementing a Departmentwide foundation for financial information systems. To date, the FISVIS team has analyzed USDA's financial management systems environment and developed requirements for revitalizing financial management systems; developed standard definitions and a standard chart of accounts. The following items were issued: (1) Financial and Accounting Standards manual, (2) Financial Management Information Architecture, and (3) a Letter of Interest to acquire a Commercial-Off-the-Shelf (COTS) Foundation Financial Information System (FFIS). Plans are to award the COTS contract in early fiscal year 1995 and to implement the FFIS in fiscal year 1996.
- Debt Management. During fiscal year 1994, USDA agencies collected over \$33 million from tax refund offsets. Also, USDA agencies routinely refer approximately \$67 billion of credit information to credit bureaus, offset commodity support payments and indemnities owed to delinquent debtors, use salary offsets to collect delinquent debts owed by Federal employees, and use private sector collection contractors. The OCFO is working with the agencies in developing a litigation tracking system, improving 1099 reporting to the Internal Revenue Service (IRS), identifying delinquent and defaulted applicants applying for direct and guaranteed loans, and increasing the number of accounts referred to IRS for tax refund offset.
- Cash Management. During fiscal year 1994, OCFO cash management initiatives resulted in accelerated collections and improved disbursement mechanisms allowing Departmental agencies to achieve the following:
 - \$7.4 billion from cash concentration system collection;
 - \$9.4 billion from electronic funds transfer collections;
 - \$3.6 billion from lockbox and credit card collections;
 - \$18.9 billion from electronic funds transfer disbursements;
 - \$3.0 billion from direct deposit/electronic funds transfer for employee payments;
 - \$61 million from small purchase credit cards and third party drafts; and
 - \$91 million from travel and charge card payments.

During fiscal year 1994, USDA paid 99.4 percent of payments subject to the Prompt Payment Act on time. USDA incurred just about \$1.5 million in interest penalties on total payments of \$18.7 billion.

- Government Performance and Results Act (GPRA). The fiscal year 1994 GPRA Performance Plans for the pilot project agencies are being prepared for submission to OMB. The OCFO conducts meetings on a regular basis with all agencies GPRA Coordinators to keep them informed on the GPRA implementation process within the Department. The OCFO has also prepared GPRA Guidance, a Training Compendium, a draft implementation plan, and a draft training plan.
- Financial Statements. The OCFO prepared and submitted audited consolidated financial statements for fiscal year 1993 to the Office of Management and Budget two months earlier than last year. Audit of the fiscal year 1993 consolidated financial statements resulted in a qualified opinion as compared with an adverse opinion for fiscal year 1992.
- Grants Management Rules. The grants management rules for State and local governments, universities and nonprofit organizations establish general fiscal and administrative requirements covering such subjects as accounting, financial management systems, and property. Under the leadership of the OCFO, USDA has joined other Federal departments in drafting Governmentwide rules that impact recipients of grants and cooperative agreements.
- The Drug-Free Workplace Act of 1988 (Act). Under this Act all Federal grantees must establish an ongoing drug-free awareness program, including notice of the program to their employees. The Act requires that grantees certify that they will maintain a drug-free workplace, or for individual grantees, that his or her conduct of grant activity will be drug-free. USDA has codified its requirements in Title 7, Part 3017, Subpart F of the Code of Federal Regulations (CFR).

The regulation allows States the flexibility of making a Statewide certification to each Federal department on a Federal fiscal year basis rather than on a grant-by-grant basis. OCFO receives and tracks the annual Statewide certification and notifies agencies of those certifications received.

- Travel and Transportation Payment and Expense Control System. A new contractor, American Express, replaced Diner's Club card as the new Governmentwide credit card for official travel. USDA currently has 16 centrally-billed accounts and approximately 62,000 individual cards. Expenditures procured through these payment mechanisms amounted to approximately \$93.5 million in fiscal year 1994.
- Relocation Services Program. The OCFO provided agencies with accurate guidance on entitlement, limitations and responsibilities of employees during relocation. This information is made available to agencies so that they can properly advise their employees. In addition, OCFO provided a Relocation Services Program to help aid and assist employees with their moves. Approximately 700 employees per year take advantage of this service.
- Travel Regulations. The OCFO issued a revised Departmental Travel Regulation in the form of slipsheets to the Federal Travel Regulation. This avoids reprinting material already available and insures that a Departmental regulation is only issued where a supplement to the Federal regulation is necessary.

OFFICE OF THE GENERAL COUNSEL

Explanatory Statement

The Office of the General Counsel, which, prior to 1955, was known as the Office of the Solicitor, was established in 1910 (70 Stat. 742) as the law office of the Department of Agriculture.

The Office provides all essential and necessary legal advice and services for the Department's ongoing programs. The headquarters legal staff is divided into five sections: (1) Regulatory and Marketing; (2) International Affairs, Commodity Programs and Food Assistance Programs; (3) Rural Development; (4) Natural Resources; and (5) Legislation, Litigation, Research and Operations.

Geographic Location. The work of this office is carried out in Washington, D.C., and five regions which include 22 offices as follows:

<p><u>Southern Region:</u> Atlanta, Georgia Hato Rey, Puerto Rico Jackson, Mississippi Montgomery, Alabama Raleigh, North Carolina</p>	<p><u>Central Region:</u> Leawood, Kansas Lincoln, Nebraska Little Rock, Arkansas Stillwater, Oklahoma Temple, Texas</p>	<p><u>Northern Region:</u> Harrisburg, Pennsylvania Chicago, Illinois Columbus, Ohio Milwaukee, Wisconsin Richmond, Virginia</p>
<p><u>Mountain Region:</u> Denver, Colorado Albuquerque, New Mexico Missoula, Montana Ogden, Utah</p>	<p><u>Pacific Region:</u> San Francisco, California Juneau, Alaska Portland, Oregon</p>	

As of September 30, 1994, the office had 400 employees of which 391 were permanent full-time employees and 9 were other employees. There were 179 permanent full-time employees and 4 other employees located in Washington, D.C., and 212 permanent full-time employees and 5 other employees in the field.

The General Counsel is the chief law officer of the Department and is responsible for providing legal services for all programs, operations, and activities of the Department. The General Counsel is assisted by a Deputy General Counsel and five Associate General Counsels, each of whom is responsible for a portion of the legal work of the Department. The functions of this Office are performed in the Washington office and five regions which include five regional and 17 branch offices. The Law Library was transferred from the National Agricultural Library to OGC in 1982.

Legal Advice. The Office of the General Counsel provides legal advice in many varying forms to all agency officials of the Department. That advice takes the form of oral advice, written opinions, review of administrative rules and regulations for legal sufficiency, review of agency agreements and contracts and review and advice concerning any other agency activities which involve legal issues.

The Office also prepares legislation, patent applications arising out of inventions by Department employees, contracts, agreements, mortgages, leases, deeds and any other documents required by Department agencies.

Administrative Proceedings. The Department is represented by the General Counsel in administrative proceedings for the promulgation of rules having the force and effect of law and in quasi-judicial hearings held in connection with the administration of various USDA programs.

Federal and State Court Litigation. The Office of General Counsel works with the Department of Justice in all Departmental civil litigation. The bulk of this litigation is defensive litigation. The Office serves as liaison with the Department of Justice and assists in the preparation of all aspects of the government's case. The Office makes referrals of matters which indicate criminal violations of law have occurred and assists the Department of Justice in preparation and prosecution of criminal cases. In some instances, OGC attorneys represent the Department as Special United States Attorneys, both in civil and criminal matters.

By delegation, the Associate General Counsel for Legislation, Litigation, Research and Operations represents the Department in certain classes of cases before the United States Courts of Appeals.

Criminal Litigation. Criminal cases are reviewed for the purpose of referring them to the Department of Justice.

OFFICE OF THE GENERAL COUNSEL

Available Funds and Staff-Years1994 Actual and Estimated 1995 and 1996

Item	1994		1995		1996	
	Actual	Staff:	Estimated	Staff:	Estimated	Staff:
	Amount	Years	Amount	Years	Amount	Years
Salaries and Expenses	\$25,992,000	367	\$25,992,000	373	\$27,860,000	370
Allocation from:						
Hazardous Waste						
Management	576,000	8	640,000	8	640,000	8
Obligations under other						
USDA appropriations:						
FS	1,175,203	16	1,203,500	15	1,190,000	14
AMS-User Fees	618,980	6	643,000	7	983,000	7
APHIS-User Fees	247,520	3	213,000	2	204,000	2
GIPSA-User Fees	44,800	.5	51,000	.5	50,000	.5
FSA-User Fees	38,080	.5	46,000	.5	47,000	.5
FSIS-User Fees	35,840	.5	14,000	.2	17,000	.2
Total, Other USDA						
Appropriations	2,160,423	27	2,170,500	25	2,491,000	24
Total, Office of the						
General Counsel	28,728,423	402	28,802,500	406	30,991,000	402

OFFICE OF THE GENERAL COUNSEL
Permanent Positions by Grade and Staff-Year Summary
1994 and Estimated 1995 and 1996

Grade	1994			1995			1996		
	Hdgrs	Field	Total	Hdgrs	Field	Total	Hdgrs	Field	Total
Executive									
Level IV	1	--	1	1	--	1	1	--	1
ES-6	1	--	1	1	--	1	1	--	1
ES-5	3	--	3	3	--	3	3	--	3
ES-4	7	1	8	7	1	8	7	1	8
ES-3	3	1	4	3	1	4	3	1	4
ES-2	--	3	3	--	3	3	--	3	3
ES-1	--	--	--	1	--	1	1	--	1
GS/GM-15	38	18	56	38	18	56	36	15	51
GS/GM-14	67	87	154	74	93	167	77	91	168
GS/GM-13	20	16	36	17	8	25	12	3	15
GS-12	7	6	13	2	4	6	2	2	4
GS-11	2	3	5	3	2	5	2	2	4
GS-10	1	--	1	1	--	1	1	--	1
GS-9	6	17	23	6	19	25	7	21	28
GS-8	11	12	23	12	14	26	13	20	33
GS-7	7	20	27	9	24	33	11	25	36
GS-6	11	21	32	11	21	32	11	23	34
GS-5	1	11	12	1	7	8	1	5	6
GS-4	--	1	1	--	1	1	--	1	1
GS-3	--	1	1	--	--	--	--	--	--
Other Graded Positions	--	--	--	--	--	--	--	--	--
Ungraded Positions	--	--	--	--	--	--	--	--	--
Total Permanent Positions	186	218	404	190	216	406	189	213	402
Unfilled Positions, end-of-year	-2	--	-2	--	--	--	--	--	--
Total Permanent Employment, end-of-year	184	218	402	190	216	406	189	213	402
Staff-Years Ceiling	184	218	402	190	216	406	189	213	402

OFFICE OF THE GENERAL COUNSEL

CLASSIFICATION BY OBJECTS1994 and Estimated 1995 and 1996

	<u>1994</u>	<u>1995</u>	<u>1996</u>
Personnel Compensation:			
Washington, DC	\$ 9,625,387	\$ 9,752,774	10,252,152
Field	<u>10,507,445</u>	<u>10,249,528</u>	<u>10,774,323</u>
11 Total personnel compensation	20,132,832	20,002,302	21,026,475
12 Personnel benefits	3,897,704	4,098,726	4,455,553
13 Benefits for former personnel	<u>1,170</u>	<u>8,008</u>	<u>8,008</u>
Total pers. comp. & benefits	<u>24,031,706</u>	<u>24,109,036</u>	<u>25,490,036</u>
Other Objects:			
21 Travel	215,610	182,000	184,100
22 Transportation of things	24,386	8,200	5,446
23.2 Rental payments to others ...	--	--	--
23.3 Communications, utilities and misc. charges	762,012	752,552	760,348
24 Printing and reproduction ...	18,011	18,816	18,968
25.1 Consulting services	--	--	--
25.2 Other services	452,011	490,704	508,239
25.3 Purchases of goods and services from Government Accounts	--	--	--
25.4 Operation of GOCOs	--	--	--
25.5 Research and development contracts	--	--	--
26 Supplies and materials	346,393	338,692	458,103
31 Equipment	<u>117,328</u>	<u>92,000</u>	<u>434,760</u>
Total other objects	<u>1,935,751</u>	<u>1,882,964</u>	<u>2,369,964</u>
Total direct obligations	<u>25,967,457</u>	<u>25,992,000</u>	<u>27,860,000</u>

Position Data:

Average Salary, ES positions	\$110,524	\$113,771	\$116,274
Average Salary, GM/GS positions	\$53,530	\$56,492	\$58,656
Average Grade, GM/GS positions	11.78	11.91	11.96

OFFICE OF THE GENERAL COUNSEL

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Office of the General Counsel:

For necessary expenses of the Office of the General Counsel, [\$25,992,000].
\$27,860,000

SALARIES AND EXPENSES

Appropriations Act, 1995	\$25,992,000
Budget Request, 1996	<u>27,860,000</u>
Increase in Appropriation	<u>+1,868,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

<u>Item of Change</u>	<u>1995 Estimated</u>	<u>Pay Cost</u>	<u>Other Changes</u>	<u>1996 Estimated</u>
Legal Services..	<u>\$25,992,000</u>	<u>+\$480,000</u>	<u>+\$1,388,000</u>	<u>\$27,860,000</u>

PROJECT STATEMENT
(On basis of appropriation)

	<u>1994 Actual</u>	<u>1995 Estimated</u>	<u>Increase or Decrease</u>	<u>1996 Estimated</u>
<u>Project</u>	<u>Amount</u>	<u>Staff:</u> <u>Years</u>	<u>Amount</u>	<u>Staff:</u> <u>Years</u>
Legal Services	\$25,967,457	367	\$25,992,000	373
Unobligated balance	24,543			
Total			(1)	
Appropriation	<u>\$25,992,000</u>	<u>367</u>	<u>\$25,992,000</u>	<u>373</u>
			<u>+1,868,000</u>	<u>\$27,860,000</u>
				<u>370</u>

JUSTIFICATION OF INCREASES AND DECREASES

- (1) A net increase of \$1,868,000 for the Office of the General Counsel consisting of:

- (a) An increase of \$480,000 which includes \$80,000 for annualization of the fiscal year 1995 pay raise and \$400,000 for the anticipated fiscal year 1996 pay raise.
- (b) An increase of \$1,156,000 for salary adjustments.

For fiscal year 1995, 93% of OGC's budget was required to meet obligations for salaries and benefits. From the remaining 7% comes exceedingly modest amounts for travel, training, departmental assessments and basic office maintenance.

Since fiscal year 1992, OGC has instituted a policy of delaying promotions to help defray soaring personnel costs. Without these salary adjustments, OGC will be forced to further delay or cancel promotions. As a result, OGC will be unable to remain competitive with other Government agencies and certainly not with the private sector. This increase is essential to sustain the current level of staff and to ensure the availability of this valuable legal resource at a time when the demand for legal services at the Department of Agriculture is increasing.

This is a budget with no room for absorption of cost-of-living adjustments, locality pay increases, or any other increased personnel costs. In order to maintain the current staffing and service levels, this increase is necessary.

These funds will be used to support the annualization of locality pay increases, within grade increases, reclassifications, and promotions.

- (c) A decrease of \$255,000 and 3 staff-years for a reduction in federal employment.

In support of the Secretary's streamlining efforts and the President's Executive Order mandating a reduction in Federal employment, OGC is reducing employment costs. To achieve the desired reduction, OGC will eliminate 3 direct staff-years at a cost of \$255,000. In addition, OGC will eliminate 1 reimbursable staff-year associated with Forest Service work.

- (d) An increase of \$65,000 which reflects an increase in non-salary costs.
- (e) A decrease of \$65,000 for administrative efficiency.

In support of the Secretary's streamlining efforts and the President's Executive Order to reduce overhead-type costs from the FY 1993 baseline, budget authority is reduced by \$65,000. In order to achieve these savings, OGC will monitor more closely office supply purchases, printing and reproduction services. OGC will also closely monitor contractual services, utility and communication charges and reduce travel.

(f) An increase of \$500,000 for Office Automation.

In order to work at maximum efficiency, substantial improvements in OGC's communications and computer systems are necessary. OGC's word processing hardware and software are outdated, and much of the updated software requires at least 386-based computers with additional memory. Twenty-three percent of its personal computers are still 286-based. With this increase, OGC would replace 50 percent of its obsolete personal computers, upgrade its system operating software, implement a case tracking system in approximately 50 percent of its offices with "off the shelf" software, and replace outdated printers. Better computers and software translate into faster and more efficient work production

(g) A decrease of \$13,000 for FTS 2000 funding.

This decrease reflects lower long distance telecommunications prices due to price redeterminations in the FTS 2000 contracts.

Office of the General Counsel
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1994 and Estimated 1995 and 1996

	1994		1995		1996	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Alabama.....	\$ 320,586	6	\$ 320,796	6	\$ 361,571	6
Alaska.....	221,142	4	221,211	4	260,193	4
Arkansas.....	737,344	10	737,462	10	785,736	10
California.....	1,454,047	21	1,454,403	21	1,537,581	21
Colorado.....	1,065,237	17	1,065,587	18	1,136,768	18
District of Columbia...	12,914,825	157	12,934,397	162	13,704,361	159
Georgia.....	1,529,874	25	1,530,580	25	1,615,130	25
Illinois.....	752,534	12	752,699	12	801,248	12
Kansas.....	1,005,724	14	1,006,309	14	1,076,423	14
Mississippi.....	242,504	5	242,629	5	281,996	5
Montana.....	541,945	8	542,107	8	586,865	8
Nebraska.....	227,057	4	227,200	4	266,290	4
New Mexico.....	346,110	6	346,251	6	387,484	6
North Carolina.....	212,372	4	212,526	4	251,351	4
Ohio.....	235,107	4	235,220	4	274,454	4
Oklahoma.....	286,610	5	286,764	5	326,926	5
Oregon.....	840,927	14	841,080	14	894,219	14
Pennsylvania.....	867,872	13	868,415	13	931,046	13
Puerto Rico.....	214,228	4	214,317	4	243,175	4
Texas.....	644,580	12	644,793	12	706,399	12
Utah.....	366,962	6	367,107	6	403,715	6
Virginia.....	296,206	5	296,349	5	336,683	5
Wisconsin.....	643,664	11	643,798	11	690,386	11
Subtotal, Available or Estimate.....	25,967,457	367	25,992,000	373	27,860,000	370
Unobligated balance ...	24,543	--	--	--	--	--
Total, Available or Estimate.....	25,992,000	367	25,992,000	373	27,860,000	370

OFFICE OF THE GENERAL COUNSEL

STATUS OF PROGRAM

The Office of the General Counsel (OGC) serves as the legal advisor and counsel for the Secretary and the program agencies of the Department.

Current Activities: The Office provides legal services for all agencies of the Department. These services include, but are not limited to the following:

- rendering opinions on legal questions;
- preparing or reviewing rules and regulations;
- preparing or interpreting contracts, mortgages, leases, deeds, and other documents;
- preparing briefs and representing the Department in judicial proceedings and litigation;
- representing departmental agencies in nonlitigation debt collection programs;
- processing applications for patents for inventions by the Department's employees;
- representing departmental agencies in state water rights adjudications;
- considering and determining claims by and against the United States arising out of the Department's activities;
- representing the Department in formal administrative proceedings;
- assisting the Department of Justice (DOJ) in the preparation and trial of cases involving the Department; and
- representing the Secretary of Agriculture and the Commodity Credit Corporation before the Interstate Commerce Commission, the Federal Maritime Commission, and the International Trade Commission.

Highlights of OGC's Fiscal Year (FY) 1994 operations are described below:

Selected Examples of Recent Progress:

ADMINISTRATION AND RESOURCE MANAGEMENT

OGC installed system software in the 22 field locations and Headquarters, providing Electronic Mail capability nationwide. Local Area Network (LAN) interface cards were purchased to facilitate connection to the USDA Departmental fiber backbone at Headquarters. This connection will greatly increase the current speed of the LAN at Headquarters.

In addition, Disk Operating System (DOS) upgrades were purchased to allow the existing personal computers to connect to the fiber-based network at Headquarters.

REGULATORY AND MARKETING

Meat and Poultry Inspection Acts: Approximately 186 criminal cases, civil injunction cases, civil seizure cases and claims collection cases were referred to DOJ or otherwise handled or disposed of with numerous successful criminal prosecutions. One of the most significant of those cases involved a conviction of Kent J. Brummels, Quality Control Supervisor for Siouxland Quality Meat Company, Sioux City, in the United States District Court for the Northern District of Iowa. Mr. Brummels pled guilty to adulterating meat in violation of the Federal Meat Inspection Act (FMIA). He was convicted as a felon and sentenced to two years probation. Mr. Brummels appealed the district court's decision to the United States Court of Appeals for the Eighth Circuit Court based on the contention that the acts to which he pled guilty constituted the misdemeanor of "preparation" of adulterated meat and not the felony of "distribution or attempted distribution" of adulterated meat. The Court of Appeals affirmed the district court's holding that Mr. Brummels was guilty of a felony in that his acts amounted to "distribution or attempted distribution" of adulterated meat under the Act.

In addition, 30 administrative proceedings involving the withdrawal, suspension, or denial of Federal meat and poultry products inspection were litigated. One of the most significant of those cases concerns an action to withdraw inspection services from the Modern Locker Plant, Forsyth, Montana, because respondent Rudy Stanko, an individual with several serious felony convictions for violations of the FMIA, is "responsibly connected" with the federally inspected slaughtering and meat processing operations of the Modern Locker Plant through respondent Yellowstone Meat Company's lease arrangement with respondent James N. Wilson. An administrative hearing was held for 3 days in Billings, Montana, before Administrative Law Judge James W. Hunt. More than 30 witnesses were called to testify and approximately 1,000 pages of documents were introduced at the hearing. No decision has been issued by the Judge at this time.

OGC also assisted in defending the Secretary and other officials of the Department in 10 civil court actions. One of the most significant of those cases involves a lawsuit in the United States District Court for the Western District of Texas filed against USDA by seven trade associations representing retail and wholesale grocers and producers and processors of meat. This lawsuit stems from a decision by the FSIS Administrator that raw ground beef product bearing or containing any amount of E. coli 0157:H7 would be considered "adulterated" under the Act, and the institution of a sampling program to test for E. coli 0157:H7 in raw ground beef prepared in Federally inspected plants and retail stores. Plaintiffs contend that USDA lacks the statutory authority to conclude that raw ground beef bearing or containing any amount of E. coli 0157:H7 is adulterated. Plaintiffs also argue that notice and comment rulemaking was required as a predicate for this decision, and that tolerance standards for pathogens cannot reasonably be established in the absence of public input and scientific study. The plaintiffs further contend that even the best testing methods cannot detect all E. coli 0157:H7, and that the agency's decision, testing program, and related regulatory actions will inflict substantial losses upon beef processors and retailers. Plaintiffs seek a judgment declaring the Department's action unlawful because the agency's findings and conclusions (1) were arrived at without observing rulemaking procedures required by the Administrative Procedure Act, (2) are arbitrary, capricious,

and an abuse of discretion, and (3) are in excess of statutory authority. Plaintiffs seek to preliminarily and permanently enjoin FSIS from implementing and enforcing the testing program, the treatment of raw ground beef containing E. coli 0157:H7 as "adulterated," and the use of regulatory enforcement tools against raw ground beef found to contain E. coli 0157:H7. A hearing before Judge James R. Nowlin of the Western District of Texas on the plaintiffs' motion is scheduled for November 30, 1994. Extensive legal briefs and declarations have been filed in opposition to the plaintiffs' motion.

In another significant case, the United States Court of Appeals for the Fifth Circuit, in an eight to seven decision, has ruled in favor of the Mississippi Poultry Association (MPA) and the National Broiler Council (NBC) in a rehearing of a case against USDA. The MPA and the NBC filed the lawsuit against the Secretary and the FSIS Administrator, seeking declaratory relief. Plaintiffs challenged the validity of a FSIS regulation which imposes an "at least equal to" eligibility standard for foreign countries seeking to import poultry and poultry products into the United States. Plaintiffs argued that the regulation does not implement the "same as" standard in conformity with the language of the Poultry Products Inspection Act, and that the regulation was, therefore, issued contrary to law and is invalid. The U.S. District Court for the Southern District of Mississippi held that "same as" is clear and unambiguous, and that interpretation of that phrase by USDA was arbitrary and capricious. The Court of Appeals affirmed, invalidating USDA's poultry import regulation. The Department has recommended that a petition for certiorari be filed with the Supreme Court.

OGC rendered 1306 oral opinions and handled 771 pieces of correspondence. OGC also reviewed, revised, drafted, and cleared approximately 101 notices of proposed rulemaking or final rulemaking dockets, and drafted or reviewed 105 bills and reports concerning amendments to the Acts. In this regard, OGC provided substantial legal services in connection with the development and drafting of the Pathogen Reduction Act of 1994 which, if enacted, will amend the FMIA, the Poultry Products Inspection Act, and the animal quarantine laws to enhance the Secretary's ability to limit or eliminate pathogens in meat and poultry products. In addition, OGC assisted with the preparation of testimony provided by Department officials to members of Congress regarding that draft legislation, and OGC attorneys attended numerous meetings with livestock producer groups, industry officials, consumer groups, and Congressional staffs in which they discussed the legislation. Additionally, OGC provided substantial legal services with respect to several proposed and final rulemaking dockets involving nutrition labeling of meat and poultry products; proposed regulations concerning pathogen reduction initiatives and mandatory Hazard Analysis and Critical Control Point programs; and proposed legislative amendments to the Sanitary Food Transportation Act of 1990.

Agricultural Marketing Act of 1946: OGC handled 4 criminal and civil court cases. Additionally, OGC reviewed and cleared 9 notices of proposed rulemaking and final rulemaking dockets, rendered 42 oral opinions and handled 34 pieces of correspondence.

Animal and Plant Quarantine and related laws and Animal Damage Control: OGC reviewed for legal sufficiency, drafted or redrafted and cleared about 210 notices of proposed rulemaking or final

rulemaking dockets, and legal notices for publication in the Federal Register. OGC provided substantial legal assistance regarding such dockets, including importation of potatoes from Canada; APHIS user fees; importation of logs and other wood products; importation of plants in growing media; importation of ratites and ratites hatching eggs; importation of various fruits and vegetables from certain countries; National Environment Policy Act (NEPA) procedures; importation of various species of livestock from Mexico; importation of fetal bovine serum; issuance of export certificates for plant products; importation of cooked meat from countries with Foot-and-Mouth disease or rinderpest, introduction of nonindigenous organisms; importation of animal semen; private quarantine facilities for the importation of birds; importation of llamas and alpacas; and importation of dry cured pork products.

Approximately 60 criminal cases, civil cases and claims collection cases were referred to the DOJ or otherwise handled or disposed, including defending the Secretary and other officials of the Department from civil court actions brought against them. One of the cases involved a suit by the State of Florida in the U.S. Court of Claims seeking \$33,627,504 for 50% of the payments Florida made to persons whose plants were destroyed in connection with a citrus canker eradication program that was conducted jointly by Florida and USDA. Some persons sued Florida for compensation above the amounts that are provided in APHIS and Florida regulations. After losing a number of these lawsuits, the Florida legislature created an administrative board and established procedures to determine the amount of compensation to be paid. Florida contends that the cooperative agreements executed by APHIS and Florida require USDA to pay 50% of those additional costs. An answer denying the claim has been filed and we are working closely with the DOJ to defend this lawsuit. Extensive legal services were also provided by OGC with regard to numerous claims and bankruptcy cases involving the collection of APHIS user fees.

OGC attorneys also handled approximately 440 administrative cases under the animal and plant quarantine and related laws during the fiscal year. Most of these cases sought the assessment of civil penalties. OGC reviewed over 700 pieces of correspondence and other documents, and rendered approximately 2140 oral legal opinions. Further, OGC reviewed and/or drafted or redrafted and cleared 84 pieces of legislation and legislative reports.

Marketing Agreements and Orders: OGC attorneys devoted substantial legal resources to the milk and fruit and vegetable marketing order programs. There are more than 80 fruit and vegetable orders in effect. OGC attorneys reviewed and approved almost 250 rulemaking dockets, as well as many other documents relating to these orders. OGC also provided daily legal advice to client agencies in connection with a wide variety of matters arising under both the fruit and vegetable, and milk marketing order programs. OGC participates in all formal rulemaking proceedings as Department counsel. Several significant formal rulemaking proceedings continued during the fiscal year concerning milk marketing orders. OGC attorneys provided representation in proceedings that involved such issues as implementing multiple component pricing in several orders, amplified decisions on federal order pricing structure, pricing of Class II milk, and establishing a Class III-A pricing formula in most marketing orders.

Substantial legal resources were also devoted to civil and administrative actions arising under the marketing order programs. These actions included civil forfeitures, injunctive actions,

bankruptcy matters, and challenges to the legality of a variety of marketing order provisions. Important Federal court decisions in the past year upheld the Secretary's discretion in setting the scope of rulemaking proceedings and his authority to terminate milk marketing orders.

Research and Promotion Programs: OGC provided substantial legal services to research and promotion programs administered by USDA under free-standing legislation. These include the programs for dairy products, fluid milk, cotton, eggs, potatoes, honey, watermelons, beef, pork, soybeans, mushrooms, limes, pecans, wool and mohair. During the fiscal year, OGC assisted in the preparation and issuance of a final order for mushrooms, fluid milk and implementation of regulations for many of the orders. In the litigation arena, OGC provided assistance to the DOJ concerning constitutional challenges to the beef promotion and research program.

Animal Welfare and Horse Protection Acts: OGC expended substantial resources in connection with the Animal Welfare and Horse Protection Act Programs. OGC attorneys serve as complainants' counsel in administrative enforcement actions brought under these two statutes, and in FY 1994, OGC initiated 69 enforcement cases. OGC represented APHIS as trial counsel in 13 oral hearings conducted before the Department's administrative law judges and resolved over 60 administrative cases through trials on the merits, by negotiating consent decisions with the alleged violators or by other means.

Virus-Serum-Toxin Act: OGC reviewed and provided drafting assistance to APHIS in a number of rulemaking dockets concerning veterinary biologics during FY 1994. The rulemaking dockets reviewed by OGC included regulations implementing new testing and approval procedures for biologics, regulations concerning State-Federal licensing, and regulations specifying requirements applicable to the repackaging and labeling of individual dose biologics. In addition, substantial legal assistance was provided to APHIS on an ongoing project concerning the proper definition of "veterinary biologic" and a memorandum of understanding between USDA and FDA on the subject of jurisdiction over products. OGC also reviewed several cases involving alleged violations of the Virus-Serum-Toxin act and regulations, and assisted DOJ lawyers in litigation involving one producer of biological products.

Grain Standards Act: OGC provided legal services to FGIS in connection with the agency's administration and enforcement of the United States Grain Standards Act. OGC reviewed a variety of rulemaking and other documents for publication in the Federal Register including a rule revising the regulations concerning the application of water to grain. OGC also provided substantial review and litigation assistance concerning the designation of official agencies under the Act.

Perishable Agricultural Commodities Act: OGC devoted substantial resources to providing legal services in connection with the Perishable Agricultural Commodities Act (PACA). Attorneys initiated 59 administrative cases enforcing provisions of the PACA and 17 court cases during FY 1994. OGC received 71 new enforcement cases in the fiscal year and an additional 13 civil cases and 7 "responsibly connected" referrals. In addition to the prosecution of regulatory violations of PACA, OGC received 352 reparation cases brought under the authority of PACA in fiscal year 1994 and issued opinions in 366 reparation cases which primarily concerned contract

or commercial law disputes between private party litigants in the perishable agricultural commodities industry. (The number of reparation cases decided includes cases referred in fiscal 1993 and 1994.) OGC assisted in the preparation and review of the french fry docket through which that commodity will be defined as a perishable agricultural commodity.

Packers and Stockyards Act: During FY 1994, OGC received 62 referrals from the Packers and Stockyards Administration. These referrals seek the issuance of a complaint for the enforcement of the requirements of the Packers and Stockyards Act (P&SA). Forty-four enforcement actions were initiated in the fiscal year and OGC collected \$204,927 in civil penalties levied in administrative enforcement actions. In addition to the substantial resources devoted to the review and initiation of administrative enforcement action, OGC received 30 requests for civil court actions and initiated 26 such actions in the fiscal year. OGC received 18 reparation referrals and rendered decisions in 6 of these actions in which private parties submit commercial litigation disputes to the Department for decision. OGC also provided substantial service in connection with legal advice and litigation support in the interpretation of the P&SA's statutory trust provisions and was involved in 20 statutory trust matters in FY 1994.

Capper-Volstead Act: OGC provides legal counsel to the Capper-Volstead Committee which is responsible for the administration and oversight of the Capper-Volstead Act. During FY 1994, OGC provided substantial services to the review of the standards of oversight of the Department under the Act and provided legal advice and assistance in drafting responses to the Congress and the General Accounting Office on the status of oversight under the provisions of the Act.

INTERNATIONAL AFFAIRS, COMMODITY PROGRAMS, AND FOOD ASSISTANCE PROGRAMS

Commodity Credit Corporation (CCC) and Farm Service Agency (FSA): OGC provided a substantial amount of assistance with respect to the administration of commodity price support and production adjustment programs authorized by the Agricultural Adjustment Act of 1938, as amended, the CCC Charter Act, as amended, and the Agricultural Act of 1949, as amended. This assistance included the provision of advice to FSA officials during their efforts to eliminate unnecessary regulatory provisions used in administering such programs and various conservation programs. OGC reviewed and assisted in the drafting of regulations that were necessary to implement changes made as a result of this review in addition to the drafting and review of other regulations. OGC also provided assistance with respect to the expansion of the Wetlands Reserve Program from implementation in 9 States to 20 States and in connection with various proposals concerning the modification of the Conservation Reserve Program. Substantial resources were expended in the litigation of cases involving these and various other FSA and CCC programs, including complex and high profile cases in which statutory payment limitation provisions were at issue. OGC attorneys also provided substantial advice to CCC officials concerning the hazardous waste clean-up at former CCC grain storage sites and the development of a draft memorandum of understanding for submission to the Environmental Protection Agency which would be used in assessing and setting forth CCC responsibilities at the several thousand former CCC bin sites.

CCC litigation involves complex legal and factual situations usually involving extremely complicated litigation reports and briefs. These extensive program-related legal briefings require substantially more involvement by OGC than an ordinary debt collection case. Litigation presently pending includes actions filed challenging the sale by CCC of small lots of sugar forfeited to CCC under the sugar price support loan program.

Federal Crop Insurance Corporation (FCIC): A significant amount of time has been spent with the Secretary's task force on improving the Federal crop insurance program. Legislation was drafted and program parameters proposed involving a complete overhaul of FCIC. This resulted in enactment of the Federal Crop Insurance Reform and Department of Agriculture Act of 1994 on October 13, 1994. OGC drafted program regulations and contracts for implementation of the reform programs and continues to review program regulations and contractual provisions to simplify and strengthen all aspects of the program ranging from producer participation to reinsurance and agency contractual relationships. Substantial resources have been required in an attempt to keep the program uniform across State lines.

Foreign Agricultural Service (FAS): OGC attorneys were involved in advising departmental officials, including the Secretary, concerning numerous issues that arose during the Uruguay Round negotiations conducted under the auspices of the General Agreement on Tariffs and Trade (GATT). These attorneys were involved in drafting the legislation necessary to implement the Uruguay Round agreements into domestic legislation. In addition, OGC attorneys were active in assisting FAS in promulgating new regulations that will govern the terms and conditions of market access for import-sensitive commodities that are subject to tariff-rate quotas as a result of the Uruguay Round negotiations.

OGC attorneys have already begun to assist FAS in a number of bilateral and multilateral negotiations that have resulted from the Uruguay Round agreements. At the insistence of the United States, the Uruguay Round protocol contained provisions calling for multilateral negotiations on the issue of trade and the environment. Initial efforts in this area were started and will continue for the next several years. OGC assisted FAS officials in several bilateral and multilateral processes necessary to implement the Uruguay Round result in the area of Sanitary and Phytosanitary (SPS) measures. Similar assistance was provided with respect to issues involving the European Union in the context of bilateral discussions on a framework agreement and workplan for the recognition of equivalent SPS measures which could serve as a model for bilateral cooperation with other World Trade Organization members.

OGC attorneys spent significant time assisting FAS in responding to the GATT case challenging the United States regime applied to imports of tobacco. They have also been involved in U.S. negotiations, pursuant to GATT Article XXVIII, with other interested GATT contracting parties in the renegotiation of U.S. tariff concessions on tobacco.

OGC attorneys provided legal advice and services with respect to the investigation conducted in accordance with the provisions of section 22 of the Agricultural Adjustment Act of 1933, in connection with imports of Canadian wheat, as well as U.S. rights under the North American Free Trade Agreement (NAFTA) concerning

imports of wheat from Canada. OGC attorneys were also identified as members of the support team that provided, and will continue to provide, assistance to the five U.S. Commissioners appointed to serve on the newly formed U.S. - Canada Grains Commission.

Food Assistance Programs: During FY 1994, OGC worked extensively with program agencies on several major legislative packages, including the Healthy Meals for Healthy Americans Act of 1994 (Pub. L. 103-448), reauthorizing the child nutrition programs. OGC also worked closely with the Department to publish a proposed rule which would restructure the National School Breakfast and the National School Lunch Programs by requiring that school meals comply with the USDA Dietary Guidelines for Americans. OGC was substantially involved with publication of proposed and final rules that significantly revamped the formula used to allocate funds to States for the Special Supplemental Nutrition Program for Women, Infants and Children (WIC). The changes permit more optimal distribution of funds given past demographic changes and anticipated increases in future WIC funding. In addition, OGC played a key role in the development of interim regulations for operation of the WIC Farmers' Market Nutrition Program (FMNP) established by Pub. L. 102-314.

Review of regulations was a priority and OGC cleared for legal sufficiency a total of 37 regulations concerning domestic food assistance programs, including nine significant Food Stamp Program regulations in connection with the Mickey Leland Childhood Hunger Relief Act, Pub. L. 103-66.

Litigation involving the Department with respect to food assistance programs continues to be a significant element of work (43 open cases). There were 13 new court challenges to the domestic food assistance programs filed in FY 1994. Among other issues, the litigation challenged Food Stamp Program rules related to whether HUD utility reimbursement payments constitute excluded energy assistance, whether equitable estoppel may be raised as a defense to the recovery of overissuances, the applicability of the inaccessible resource provision to vehicles with high market but low equity value and postponement of disqualification penalties. In addition, 167 retailer/wholesaler enforcement judicial review cases were filed. In FY 1994, OGC also opened 48 new casefiles which are being reviewed for potential action under the Department's debarment and suspension regulations. This brings the total to 172 cases which are at various stages in the debarment and suspension process. With respect to Food Stamp Quality Control, OGC assisted in the settlement of a \$26.3 million potential liability against the State of Florida for FY 1992 and FY 1993. The state agreed to reinvest \$16.5 million in error reduction efforts subject to agreed performance standards which would require a total of \$23.5 million to be spent if error reduction goals under the agreement were not met by the State.

Finally, OGC attorneys were substantially involved in the Department's disaster relief efforts in the southeastern United States during FY 1994.

RURAL DEVELOPMENT

Rural Housing and Community Development Service (RHCDs), Rural Business and Cooperative Development Service (RBCDS), Rural Utilities Service (RUS) : During FY 1994, OGC, through the Community Development Division, provided legal assistance to RHCDs

and RBCDS in all their major areas of activity. These encompassed Farmer Program Loans, Single- and Multi-Family Housing Loans, Community Program Loans and Business and Industry Loans. These major areas of activity include more than 30 statutorily-separate loan and grant programs. In addition, the Community Development Division provided legal assistance to RUS concerning its rural development programs, and to the Agricultural Cooperative Service (ACS) prior to its absorption by RBCDS. The Division was also involved in answering several requests for interpretation of the Agricultural Credit Improvement Act of 1992, and in reviewing some of the many regulations required to implement this statute. The Division's advice concerned both proposed and recently enacted legislation, proposed and final regulations, directives interpreting and implementing regulations, litigation, informal advice, and a variety of legal documents. For FY 1994, the Division closed 4,970 work "items". Formally tracked "items" amounted to only 46 percent of total Division workload.

Legislative work included advice to RHCDS, and working with Congress on items relating to Appropriations Bills. The Division also dealt with a large volume of correspondence, including some Congressional inquiries. The Division has been involved in offering guidance to various administrative officials regarding collection of delinquent farm loans, especially those involving large borrowers. Regulatory matters included reviewing the regulations implementing the borrower training provisions of the 1992 Act. Other regulatory matters included revision of the lien on all asset requirements for direct farm loans, changes to the emergency loan regulations to allow more farmers to qualify for such loans, revision of the debt service margin requirements for guaranteed farm loans to implement the 1992 Act, removal of the ban on charging interest on interest on guaranteed farm loans, changes to the rural rental housing regulations concerning the processing of preapplications to decrease costs and reduce program vulnerability, review of regulations concerning non-program loans and single-family housing application packaging grants, and review of proposed regulations which would (1) deny credit to those delinquent on Federal debts, (2) revise the salary offset procedures, (3) make further changes to the real estate title clearance and loan closing regulations, and (4) be the first grant regulations ever developed by the ACS. In addition to those mentioned above, several proposed regulations have yet to be published for comment but did consume a great deal of the Division's time in reviewing them. Two examples of these are revisions to the RHCDS swampbuster/sodbuster and bankruptcy regulations. For FY 1994, the Division reviewed 269 separate regulatory proposals.

The Division also assisted the DOJ in defending especially important cases involving a variety of claims against RHCDS, including a number of issues arising from the implementation of the 1990 FACT Act. A new area of responsibility assigned to the Division was that dealing with various civil rights litigation involving its client agencies. This activity included work both at the trial court and the appellate levels. Informal legal advice consisted of verbal or written advice to the client on all aspects of administrative law and the laws and regulations governing the making of loans and grants, including the complicated arena of lender liability under the Comprehensive Environmental Response, Compensation, and Liability Act. Drafting work included drafting various loan agreements, guarantee and security forms, as well as legislative proposals to be included in the Department's legislative package.

Rural Electrification and Telephone Programs: During FY 1994, substantial legal services were required in connection with the loan and grant programs of the RUS and the Rural Telephone Bank (RTB). Most of RUS's major lending programs continued to experience a high number of transactions requiring loan documentation.

RUS approved insured loans totalling \$1.3 billion to 140 electric borrowers and 68 telephone borrowers. RUS guarantees of Federal Financing Bank (FFB) loans totalled approximately \$320 million to 10 borrowers. In the telephone loan program, the Rural Telephone Bank made 38 loans totalling \$50 million. RUS approved repricing transactions totalling approximately \$2.4 billion to borrowers under a program which permits borrowers to reprice at current Treasury interest rates certain RUS-guaranteed FFB notes bearing high interest. RUS also approved transactions totalling \$475 million under the statutory FFB refinancing program. Finally, RUS implemented the statutory \$306 Prepayment Program pursuant to which 34 borrowers have entered into prepayment agreements with respect to \$195 million of outstanding insured loans.

The legal services required in connection with RUS and RTB lending programs included preparation of loan contracts, security instruments and related legal documents. OGC prepared for publication by RUS a proposed rule setting forth a new form of security instrument for the electric program. The proposed security instrument not only updates many provisions of security instruments but also encompasses fundamental changes in the nature of the relationship between RUS and its borrowers. The proposal, if adopted, will have significant implications for RUS, its borrowers, private lenders and other groups.

Substantial legal services were required in the drafting and review of regulations implementing the Rural Electrification Loan Restructuring Act (RELRA), enacted in November 1993. RELRA created a number of new lending programs, including the Electric Municipal Rate and the Telephone Treasury Rate programs, and contained a number of program changes the implementation of which were controversial, such as the requirement for a State Modernization Plan.

OGC drafted and reviewed a number of other significant RUS regulations during FY 1994. These range from regulations setting forth RUS policy regarding credit support, implementation of \$312 of the Rural Electrification Act, enforcement of loan contract provisions, provisions of construction contracts, and revised technical plans and specifications.

In the telephone program, legal advice and services were required in connection with a number of legislative proposals with implications for rural telephone subscribers including Information Superhighway initiatives. The telephone program also continued to experience a very high number of acquisitions as regional telephone operating companies sold or otherwise restructured ownership of their less urban exchanges. RUS provided a number of telephone borrowers with loans or lien accommodations to purchase and improve service in these exchanges. Associated legal services included the review, drafting and negotiation of transaction documents.

Legal services required in connection with financially-troubled RUS borrowers continued at a high level during FY 1994. During the year, six borrowers with debt totalling over \$5.8 billion were either in workout or bankruptcy. The workouts involved a range of

legal issues and required negotiations with borrowers, creditors, state regulatory bodies and others as well as litigation in a variety of forums. During the appraisal period, agreements were reached with respect to restructuring the RUS loans of four borrowers.

During FY 1994, OGC assisted RUS in the formulation of new policy regarding territorial protection for electric borrowers and was required to provide substantial legal services in connection with territorial disputes involving borrowers. RUS was a party to a number of cases involving attempts by municipalities to condemn those portions of the borrowers' electric systems and service rights that are most profitable. Such takings threaten to frustrate the purpose to the Rural Electrification Act. In the case of Morgan City v. SLECA, the court found that the State was preempted by the federal Rural Electrification Act and disallowed the taking. During FY 1994, RUS received and processed with OGC advice approximately 20 requests by borrowers for assistance in territorial matters.

NATURAL RESOURCES

Forest Service (FS) Programs: In a climate of widely divergent public concern on environmental issues, OGC provided legal counsel on land management planning, timber, minerals, wildlife, water, land status, recreation, and grazing issues. To assure compliance with federal environmental and administrative laws for the purpose of protecting public assets and maintaining of continuing federally permitted activities and contract programs, OGC has provided extensive legal services in connection with the Forest Service's implementation of ecosystem management, including participation in the development of a multi-agency Forest Plan for the Pacific Northwest, the PACFISH initiative for the conservation of Pacific Salmon, and other undertakings.

In the timber program area, OGC continues to provide litigation support to the DOJ in collecting millions of dollars in damages owed the Government by defaulting timber sale purchasers. This past year, OGC has increased the financial security of the Government by revising the Forest Service's payment bond, performance bond, and blanket payment bond forms and accompanying policy for publication in the Federal Register. OGC assisted the Forest Service in writing a revised timber sale contract to be published in the Federal Register for notice and comment. In dealing with a record fire season, OGC also advised the Forest Service on numerous issues concerning the Timber Sale Salvage Fund established in the National Forest Management Act of 1976.

OGC also continues to advise the Forest Service Debarring Official on the legal sufficiency of debarment and suspension actions, attend informal hearings, represent the Debarring Official on appeals before the Agriculture Board of Contract Appeals (AGBCA) and assist the DOJ on actions challenged in Federal district courts. OGC also represented the Forest Service before the Comptroller General in several highly contentious bid protests challenging timber sale offerings and provided assistance to the DOJ when bidders filed complaints with the U.S. Court of Federal Claims.

In order to limit contractual damages payable by the client agency resulting from timber sale cancellations for environmental reasons,

OGC reviewed and helped draft a revised cancellation rule. The Forest Service has suspended many sales due to the requirements of the Endangered Species Act. As a result, the Forest Service has been sued in two regions for breach of contract. OGC anticipates substantial litigation before the AGBCA and the Court of Federal Claims in the area of suspension and cancellation in the coming months and expects to shift considerable resources to defend the Government from potentially enormous liability.

The controversial timber sale program in Alaska has required significant legal services. OGC advised the Forest Service on the legal basis for termination for breach of the Alaska Pulp Corporation's (APC)'s 50-year timber sale contract and on the legal requirements for establishing an independent timber sale program on the Tongass National Forest subsequent to the APC contract termination. OGC provided substantial assistance to the DOJ in representing the Forest Service in complex litigation filed by the Ketchikan Pulp Company (KPC) before the United States Court of Federal Claims involving multi-million dollar claims against the Government concerning the one remaining long-term timber sale contract on the Tongass. Additionally, OGC assisted in defending Alaska lawsuits brought by such diverse plaintiffs as timber associations, timber purchasers, tourism associations, and environmental groups.

OGC assisted the Forest Service in implementing the Jobs in the Woods initiative, a watershed restoration project designed to provide new economic activity and employment opportunities to areas affected by decreased timber harvesting and advised on efficient and legally sound procedures to ensure competition among affected communities and to direct award of watershed restoration contracts to those workers and businesses most affected by decreased harvesting.

OGC continues to provide counsel on implementation of the Forest Resources Conservation and Shortage Relief Act of 1990, which prohibits the export of unprocessed Federal timber. OGC has represented the Forest Service in numerous formal administrative hearings before the Chief Administrative Law Judge regarding the administration of the Act.

In international forestry, OGC has assisted the Forest Service in its efforts to implement basic parameters of recently acquired international authorities. As examples, OGC has provided legal guidance concerning the appropriate use of various visas for the thousands of exchange visitors and international volunteers. OGC also provided an opinion on the appropriate use of domestic/international funds for technical assistance in Palau in light of its new independent political status.

In the rapidly growing recreation area, OGC has provided assistance on various programs and litigation involving ski area, outfitter and guide, and campground concession permits. With substantial assistance from OGC, the Forest Service published proposed regulations in May 1993 governing noncommercial group use of National Forest System lands. OGC prepared a final rule analyzing all the issues raised in the 603 timely received comments on the proposed rule to be published as a final rule in early 1995. In addition, OGC has drafted outlines for streamlining regulations governing the commercial recreation special use program in order to minimize legal risk and administrative inconsistency. OGC is participating in the Department's Ski Fee Working Group to develop a new ski area permit fee system. In addition, OGC is a member of

the Interagency Concessions Management Task Force assembled by the Department of the Interior to enhance interagency consistency and coordination in concessions management.

OGC provided extensive legal services in the effort to update the 1872 Mining Law, that provides for the disposal of most minerals, including precious and strategically important metals, on public lands. OGC represented the Department on the inter-departmental task force that drafted major amendments to the bill passed by the House and that provided technical assistance to House and Senate committee staff. OGC also played a pivotal role in the negotiations with Western states to develop alternative language addressing their concerns to the reform bills passed by each house of Congress.

In the wildlife area, OGC provided substantial advice on complex questions concerning the Endangered Species Act and other wildlife laws. Significant litigation and questions arose from the debate on the impact of national forest land management on the protection of species such as the spotted owl, the red-cockaded woodpecker, the Mount Graham red squirrel, the grizzly bear, pacific salmon and the marbled murrelet. Litigation has also begun over the Federal agencies responsibilities for compliance with the Endangered Species Act and other Federal environmental laws when granting access across National Forest System lands. OGC also reviewed Forest Service wildlife manual directives, including the sensitive species program and animal damage control activities.

In cooperation with the Forest Service and the Department of the Interior, OGC is drafting regulations to streamline grazing procedures on 100 million acres of National Forest lands. Additionally, OGC is currently defending several significant cases challenging Forest Service administration of grazing rights.

In the area of lands and associated real property matters, OGC continues to provide assistance to the Forest Service on a variety of complicated property law matters including takings under the 5th Amendment to the Constitution, issues related to rights of access over Federal land, issues related to rights of mineral owners under deeds of severance, and Indian treaty rights. OGC provided legal assistance in the passage of Public Law 103-365 resolving major land claims in Arizona with potential liabilities in excess of \$10 million. OGC cooperated with the Department of the Interior on several draft regulations including those affecting thousands of miles of public rights-of-way in the western United States.

New programs initiated include several regional land conservation efforts in cooperation with states in Illinois (Joliet Arsenal and Shawnee National Forest wetlands); Florida (additions to several National Forests); Alaska (remedial actions in response to the Exxon Valdez oil spill); and New England States (Forest Legacy Program).

OGC also assisted the Forest Service land acquisition and exchange program. In FY 1994, over \$53 million was obligated in purchases of 72,000 acres. Land exchanges totaled over 75,000 acres valued at over \$7.8 million.

The legislative section, within the Natural Resources Division, is responsible for assisting the Forest Service in the development of the agency's legislative program and identifying and ameliorating potential legal problems which may impact on Forest Service

programs in pending legislation. In FY 1994, the Division took a more active role in assisting the Forest Service Legislative Affairs staff in drafting the testimony of, and preparing briefing materials for, Department officials who testify at Congressional hearings and in providing legal assistance at hearings and mark-ups. The legislative section also assisted in the drafting and review of numerous legislative proposals and reports, worked closely with OGC's Legislative Division, expedited OGC, Department, and OMB clearance of these documents. The Legislative section provided legal assistance on a wide range of legislative matters reflecting congressional attention to increasingly more controversial environmental and land management issues (such as forest health, ecosystem management, endangered and threatened species, and private property rights) to ensure that, to the extent possible, legislation was free from ambiguity that generates lawsuits and agency requests for legal service. The legislative section actively participated in major initiatives involving Native Americans, such as the Native American freedom of religion and the Navajo-Hopi dispute, and mining law reform. Division attorneys advised the Forest Service regarding a proliferation of legislation establishing special management areas (such as the Opal Creek, Headwaters, and Bull Run Watershed bills), the high profile Montana and Idaho Wilderness legislation, and a large volume of land acquisition bills and wild and scenic river proposals.

OGC provided substantial assistance to the Department on issues relating to Federal laws such as hazardous waste regulation and cleanup. For example, OGC provided advice to the Forest Service on cost recovery from potentially responsible parties in hazardous waste cases involving millions of dollars of costs which would otherwise have been borne by the public. Legal assistance was also provided on natural resource damage issues in cases where the damages also involve many millions of dollars, including advice provided on the Exxon Valdez matter. Recently, the Forest Service, with OGC assistance, was dismissed as a defendant in a major SuperFund/Natural Resource Damages case with an estimated cleanup cost of \$100 million. At the same time, the private parties contributing to the pollution were found liable by the court. The same complex legal issues, not previously addressed by a Federal court, arise at many Forest Service sites making this a particularly important legal victory. OGC has also brought responsible parties into negotiations regarding early and substantial contributions to cleanup costs at sites located on National Forest System lands. Such efforts avoid the more expensive and inefficient approach of recovering the Federal costs from responsible parties after a federally funded cleanup has taken place. OGC attorneys also defended Forest Service interests as states increased their enforcement efforts. Finally, OGC has provided substantial assistance on regulatory and legislative matters, including recent Clean Air Act regulatory issues, as well as Superfund Clean Water Act and Safe Drinker Water Act reauthorization. A national team of OGC attorneys established in 1991 to assist USDA agencies on pollution control matters continues to experience great increases in the demand for advice in this growing area.

OGC provided substantial assistance on other important issues relating to Federal laws such as Native American treaty rights and religious freedom, use of herbicides and pesticides, and historic and archaeological resource protection. In connection with the development of important regulations and policy statements, OGC provided substantial advice on compliance with Federal

administrative laws such as the Administrative Procedure Act, the Paperwork Reduction Act, the Freedom of Information Act, the Privacy Act, and executive orders and other authorities governing Federal decision making. Substantial effort also was devoted to assisting the Forest Service in development and implementation of its administrative appeal processes.

Natural Resources Conservation Service (NRCS) Programs (formerly the Soil Conservation Service): OGC provided legal counsel on range management, flood control and water resources projects, and natural resource protection; advice on the application of State and Federal statutes to programs that affect approximately 3,000 soil and water conservation districts; and the defense of lawsuits brought by parties challenging agency activities and the prosecution of claims on behalf of the agency. OGC increased the amount of instructional services provided to NRCS staff on legal issues and responsibilities, focusing on preventative legal assistance to the agency. Substantial legal review continues to be provided to NRCS on activities related to development and implementation of conservation practices that meet the Federal and State water quality requirements under the Clean Water Act.

Under the USDA reorganization (Public Law 103-354), the NRCS has assumed certain conservation easement and cost-share programs, primarily the Wetlands Reserve Program (WRP), which it will administer in addition to the existing Emergency Wetlands Reserve Program (EWRP). For FY 1994, these programs involve a combined total of \$63.3 million with acreage goals of more than 92,000 acres. This is an easement acquisition program necessitating OGC review of all approved applications.

Among significant shifts or trends in existing workload, the Food Security Act of 1985, as amended, requires agricultural producers to farm according to an approved conservation compliance plan and to fully implement the plan by December 31, 1994. Failure to comply will result in a loss of all USDA benefits. The requirements affect over 1.7 million farms. It is currently estimated that 4% will be in noncompliance after the deadline passes with potential enforcement activities, including litigation, affecting almost 68,000 producers.

LEGISLATION, LITIGATION, AND RESEARCH AND OPERATIONS

Legislation: During FY 1994, the staff of the Legislative Division superintended legal review of 871 legislative reports on bills introduced in Congress or proposed by the Administration and the written testimony of 588 witnesses appearing before Congressional Committees on behalf of the Administration. The Division staff prepared or assisted in the preparation of drafts of bills or amendments on request for the Secretary, Members of Congress, Congressional Committees, and agencies within the Department. Extensive assistance was provided to Department policy officials in drafting and analyzing various proposals generated during Congressional consideration of the Department of Agriculture Reorganization Act of 1994 (Title II, Public Law 103-354). Coordinated legal review and technical assistance were provided to USDA legal and policy officials in the drafting and clearance of legislation and ancillary legislative materials relating, inter alia, to: safeguarding the nation's meat and poultry supply; wetlands conservation (Public Laws 103-375 and 393); improvements in the Food Stamp Program (Public Laws 103-205 and 225), special supplemental feeding program for women, infants, and children [WIC]

(Public Law 103-448), Federal crop insurance program (Public Law 103-354), rural development and rural electrification programs (Public Laws 103-201, 318, and 427), and research and promotion programs for eggs, watermelons, fresh-cut flowers and sheep (Public Laws 103-188, 189, 190, and 407); revising the Plant Variety Protection Act to conform to the International Convention for Protection of New Varieties of Plants of March 19, 1991 (Public Law 103-349); providing for improvements in pesticide safety (Public Law 103-231); imposing user fees during FY 1995 and FY 1996 for the handling of certain administrative proceedings under the Perishable Agricultural Commodities Act (Public Law 103-276); to encourage the use of vegetable oil based inks in all federal government lithographic printing (Public Law 103-348); to authorize use of DOJ, USDA, or private attorneys in administration of the claims and obligations of the (former) Farmers Home Administration; and mining reform and sundry other issues affecting management of National Forest System lands, including additions to the wilderness preservation, wild and scenic rivers, and trails systems, and land transfers and exchanges.

Litigation: OGC is responsible for the Department's position in cases on appeal. Staff attorneys assigned to the Litigation Division draft and review documents concerning cases in the United States Supreme Court, the United States Courts of Appeals, and State appellate tribunals. These attorneys brief and argue certain cases in the federal Circuit Courts of Appeals and in State appellate courts. During FY 1994 Litigation Division attorneys were assigned full responsibility for 49 appellate cases, and they obtained favorable results in 24 of the cases and unfavorable results in 2 of the cases. The other 23 appellate cases are awaiting briefing schedules, are fully briefed and argued, or are waiting to be scheduled for oral argument in the near future.

The appellate cases handled by the Litigation Division attorneys increased substantially in FY 1994, and involved diverse subjects and difficult factual and legal complications. Certain appellate cases present exceptionally important issues. The following cases illustrate the nature of the important issues addressed in the appellate litigation handled by the Division's attorneys. For example, in Lesser v. Espy, licensees under the Animal Welfare Act (AWA), who breed and sell rabbits to laboratories, challenged the Department's conduct of unannounced inspections of their facilities. The Seventh Circuit rejected the Lessers' claim that agency inspections violated a Fourth Amendment right to be free from unreasonable searches and held that the AWA searches met the "closely regulated industry" exception to the warrant requirement.

The United States Court of Appeals for the Third Circuit, in Wagner v. United States Department of Agriculture, 28 F.3d 279, affirmed the Secretary's administrative determination that an owner and trainer of a Tennessee Walking horse exhibited the horse in a show while the horse was "sore," in violation of the Horse Protection Act (HPA). The Court concluded that the affidavits and testimony of two USDA veterinarians, whose physical examinations elicited pain responses when the horse's limbs were palpated, constituted substantial evidence supporting the Secretary's finding that the horse was sore. Based on the significance of the decision, the Government moved for publication, and the Court granted the motion. The decision is the first published court of appeals decision upholding a finding of soreness based solely upon a horse's pain responses to a palpation examination.

Hanson v. Espy, Seventh Cir. No. 92-1918, involved a challenge to the former Agricultural Stabilization and Conservation Service's application of the 1988 Crop Assistance Program. The district court found that the Secretary could not combine the gross income of the person and his business. The Seventh Circuit reversed the district court decision, and found that the income of an individual and his wholly owned business can be combined for purposes of means testing to determine if the person could receive assistance.

Farley v. Dept. of Agriculture, Ninth Cir. No. 91-70762, also involved an agency determination that an individual was responsibly connected to a violator of the Perishable Agricultural Commodities Act (PACA). The agency argued that the incorrect standard of review was applied, but the Court upheld the agency without addressing the proper test of per se versus rebuttable presumption.

In Animal Legal Defense Fund v. Mike Espy, the District of Columbia Circuit overturned an unfavorable district court decision holding that the Secretary of Agriculture's construction of the AWA was illegal because it failed to include birds, rats and mice among the protected animals. The Circuit Court found that "none of the plaintiffs can demonstrate both constitutional standing to sue and a statutory right to judicial review under the APA." Accordingly, the Court vacated the district court judgment and remanded the case with directions to dismiss. The majority rejected the claims of the Animal Legal Defense Fund and the Humane Society of the United States that the AWA conferred a right to informational standing on them, and further found a lack of standing on the part of two individual plaintiffs who joined in the suit against the Secretary. Judge Williams agreed with the majority's conclusion that three of the four plaintiffs lacked standing, but would have found standing for the fourth plaintiff, an unemployed psychobiologist and member of the Humane Society who hoped to work as a researcher with birds, rats and mice in the future.

In ABL Produce, Inc. v. United States Department of Agriculture, 25 F.3d 641, the United States Court of Appeals for the Eighth Circuit, in a case of first impression, confronted the question of whether substantial evidence on the record as a whole supported the Judicial Officer's conclusion that ABL employed a person who was responsibly connected with a PACA offender in violation of the statute, and factually justified the license revocation imposed upon ABL as a sanction for the offense. The Circuit Court upheld the Secretary's determination that ABL Produce, Inc. violated the PACA, but found the license revocation unsupported by the record and reduced the sanction to a 30-day license suspension. The Court affirmed the finding that ABL violated the PACA by employing an individual who was "responsibly connected" with a company that had previously committed violations of the PACA. In so doing, the Court construed the term "employ" as used in the PACA broadly, to include "any affiliation."

Litigation Division attorneys have assisted in the DOJ preparations to present the Government's position in many lawsuits. To cite but one example, in Animal Legal Defense Fund v. Espy, 29 F.3d 720 (D.C. Cir. 1994), the Litigation Division recommended appeal from a district court decision adverse to the Secretary's AWA regulations covering exercise of dogs, cage sizes and specific social interaction requirements for primates. Research organizations intervened to support the regulations which apply to their facilities. The Animal Legal Defense Fund challenged regulations issued by the Department which provided requirements for care of research animals, including the exercise of dogs, and

consideration of the psychological well-being for primates in research facilities. Division attorneys reviewed draft briefs and participated in a moot court for oral argument. The Court of Appeals reversed the district court and held that the animal welfare groups lacked both constitutional and prudential standing to challenge the regulations.

Litigation Division attorneys also made important contributions to several other briefs filed by the DOJ on behalf of the Secretary, and they will participate in the moot court preparations for the oral arguments.

Finally, but certainly of equal importance, OGC's appellate lawyers prepared the Department's recommendations to the Solicitor General on whether to appeal 78 adverse decisions of various trial courts during FY 1994. In sum, Litigation Division attorneys were responsible for a total of 127 appellate cases during the past fiscal year. Although the FY 1994 appellate recommendations were comparable to the previous fiscal year, the appellate workload again increased appreciably due to the added cases handled directly by Division attorneys.

Research and Operations (R&O): During FY 1994, OGC received 67 new administrative claims filed under the Federal Tort Claims Act (FTCA) and 166 claims were open at the end of FY 1994. Currently, 155 FTCA cases are in litigation. At the end of FY 1994, there were approximately 79 cases with an additional 31 cases in litigation or administrative proceedings with civil rights implications relating to the Department's personnel policy, grant programs and direct assistance programs.

OGC attorneys provided representation for agencies of the Department in several administrative complaints, both individual and class, of employment discrimination by Departmental employees before the Equal Employment Opportunity Commission. Additionally, OGC attorneys rendered advisory opinions and reviewed proposed Departmental regulations as to enforcement of various civil rights statutes prohibiting discrimination in programs receiving Federal financial assistance from the Department. Legal services were also rendered in the areas of conflict of interest and conduct proscribed by regulations issued pursuant to executive order; budget and fiscal matters; property management; advisory committee activities; internal reorganizations of the Department; and similar matters.

OGC was involved in training USDA employees with regard to the Office of Government Ethics (OGE), revised Standards of Ethical Conduct for Employees of the Executive Branch (5 C.F.R. Part 2635), Financial Disclosure (5 C.F.R. Parts 735, 2633, and 2634). It was also involved in training USDA employees on the provisions of Pub. L. 103-94, which revised the Hatch Act. It also assisted the Office of Personnel in efforts to revise the Departmental employee conduct regulations (7 C.F.R. Part 0) in conjunction with the implementation of OGE's Governmentwide standards of ethical conduct.

OGC continued to counsel the science and education agencies of the Department regarding legal issues arising from the administration of the agricultural research, extension, and teaching programs. During FY 1994, significant resources were devoted to litigating several major contract appeals that arose from the construction activities of the Agricultural Research Service and negotiating settlements of those appeals. In anticipation of the 1995 farm

bill, existing legislation was reviewed and draft amendments that may be necessary or desirable for inclusion in the farm bill were prepared.

R&O provided advice to the Alternative Agricultural Research and Commercialization Center (AARCC) in the implementation of its program mandated under the Food, Agriculture, Conservation and Trade Act of 1990 with respect to repayable cooperative agreements, conversion of agreements to equity positions, AARCC Board matters, development of 1995 Farm Bill legislation for a Governmentwide preference for AARCC-assisted products, and an AARCC/ARS memorandum of understanding vis-a-vis roles in projects where they have a private sector partner in common. R&O continued to provide advice in a number of areas with regard to the land-grant college system. In FY 1994 in particular, R&O provided guidance in the development of a preliminary assessment for the Secretary, requested by DOJ, of the comparative level of funding for 1890 and 1862 institutions by the Department and other Federal agencies. R&O also assisted Department and Congressional staff in perfecting the language of the Equity in Education Land-Grant Status Act of 1994, which establishes certain Native American institutions of higher education as a new class of 1994 land-grant institutions and which was enacted in Title V, Part C, of Pub. L. No. 103-382.

During FY 1994, the Department issued over 18,000 contract actions obligating more than \$3 billion for the acquisition of services, supplies, and construction to support agency operations. OGC provided legal advice to all agencies of the Department concerning these acquisitions. This assistance included drafting and reviewing regulations; reviewing solicitation documents; handling mistake-in-bid and protest matters; providing advice in pre-award and performance issues; and providing the assistance necessary to assert or defend contract claims with increased involvement in pre-award and post-award protests raised both at the agency level and before the General Accounting Office. The number of requests from contracting and leasing personnel involving matters of bankruptcy and organizational conflicts of interest involving former employees of the Department continued to climb in FY 1994. Staff attorneys in R&O were responsible for 16 of the 142 cases handled by the Agriculture Board of Contract Appeals. The remaining cases were the responsibility of the field attorneys or attorneys in the Washington office supporting CCC program activities, and attorneys in the Natural Resources Division. R&O attorneys regularly provided advice to field attorneys handling these matters. In addition, R&O attorneys were responsible for 9 acquisitions-related cases in litigation in the Claims Court and Federal District Courts pending at the end of the fiscal year. The number of acquisition review teams involving R&O attorneys approached 100 in FY 1994. The acquisition review teams are responsible for monitoring and approving the acquisitions of Automated Data Processing Equipment (ADPE) and related support services within the Department. And as the Department replaces aging ADPE, it faces an increase in the number of award protests filed at the General Services Administration. There also were a significant number of requests for opinions relating to the funding of cost-reimbursable agreements, intra-agency transfers, service contracts, particularly with regard to indefinite quantity acquisitions and acquisitions for studies. In addition, matters relating to procurement and nonprocurement debarment and suspension received considerable attention. The Department's compliance with environmental laws resulted in an increase in requests for review of complex procurements for site cleanup, remediations, and waste disposal, as well as claims under these contracts once awarded.

During FY 1994, significant legal resources were expended responding to legal issues arising from the USDA Info Share Program. The purpose of the program is to coordinate the planning, acquisition, development, implementation, and management of information resources of the USDA farm service and rural development agencies to serve USDA customers better. Significant legal resources were expended in the areas of solicitation review, review of other agreements, conflict questions, fiscal questions, and contract administration. In FY 1994, there was a refocusing of the program toward business process analysis, as a result of recommendations made by a number of parties that reviewed the activities of the program.

R&O assisted the Office of Operations and the Office of Finance and Management (OFM) with a number of important initiatives during FY 1994. These include the preparation of a revised departmental regulation regarding the contracting officers warrant system, the establishment of the Contract Management Policy Office, and the promulgation of a departmental regulation for the provision of excess research equipment to Educational Institutions and Nonprofit Organizations by USDA pursuant to Pub. L. No. 102-245. In addition, in FY 1994 R&O provided advice to the Department Task Force on Streamlining Procurement. The Task Force concluded that contract administration efforts should be improved. In response to the finding, questions related to contract administration have and will continue to increase. R&O continues to participate on the Department Procurement Council, which meets monthly to study procurement issues and provide guidance as Governmentwide procurement policies and regulations are impacted by streamlining efforts. With respect to real property, R&O assisted the Office of Operations in taking steps to implement its Washington area strategic plan. A key element of the plan is the construction of an office building on USDA-owned land in Beltsville. R&O reviewed the draft environmental impact statement for the facility that is to be constructed in Beltsville and responded to procurement issues associated with the planning and construction of the facility.

OFM coordinates assistance policy on behalf of the Department. In this capacity, OFM promulgates the Department assistance regulations, which implement the OMB circulars that establish Governmentwide procedures for the administration of Federal assistance programs. In this regard, R&O assisted OFM in reviewing the Department regulations implementing OMB Circular A-110.

R&O continues to work with OMB and Department officials in implementing the agreement executed with OMB regarding the scope of procurement and nonprocurement debarment and suspension policies.

R&O continues to support agency partnership activities with Government and non-Government entities. For example, a new initiative of the Under Secretary for Food, Nutrition, and Consumer Services through the Food and Consumer Service, is designed to engage both Government and private sector partners in a multi-media campaign to promote child nutrition. R&O has provided counsel and negotiation representation in the areas of cooperative agreements, grants, procurements, licensing, and partnership arrangements.

Various agencies of the Department have called upon R&O in FY 1994 to provide advice with regard to establishing goals and preference programs for small businesses, small disadvantaged businesses, and small rural businesses. This emphasis is expected to continue in FY 1995 and beyond, especially since the Federal Acquisition Streamlining Act of 1994, Pub. L. No. 103-355, expressly has

permitted the use of set-asides and preferences in meeting civilian agency goals for small disadvantaged businesses and has authorized the setting of goals for small women-owned businesses.

R&O also experienced an increase in major procurements involving fraud and the False Claims Act. For example, R&O worked with the DOJ and OIG in fraud matters involving voluntary disclosure of potential fraud with two contractors.

R&O has been assigned the responsibility of accepting service of process and reviewing for legal sufficiency orders for garnishment of employee pay for child support and alimony as well as orders from United States Bankruptcy Courts and Federal tax liens. With the passage of the Hatch Act Reform Amendments of 1993 and its surrender of the sovereign immunity of the United States for commercial garnishments, R&O also has the responsibility of accepting service and reviewing for legal sufficiency approximately one thousand commercial garnishment orders. Currently, R&O is working on regulations to allow USDA agencies to accept service of all garnishments orders for their respective employees. R&O will be providing training and continuing legal services to agency personnel on garnishment issues.

During FY 1994, legal services were rendered with respect to 289 FOIA and Privacy Act appeals. Twelve FOIA and Privacy Act cases were in litigation at the beginning of the fiscal year and 13 new cases were filed against the Department in FY 1994. R&O also rendered substantial legal services in connection with computer matching programs to collect debts owed to the Government and to ferret out waste, fraud, and abuse. In addition, R&O provided substantial legal services to USDA agencies regarding Privacy Act systems of records. With the reorganization of the Department, R&O will be called upon to provide legal services in connection with the revision of all of the Department systems of records.

R&O provided substantial legal advice to the Office of the Secretary, the former Assistant Secretary for Economics, and the Coordinator of Agricultural Labor Affairs regarding immigration and farm labor issues. In particular, R&O provided legal services in connection with inter-agency negotiations with the Department of Labor (DOL) regarding issues arising under the Fair Labor Standards Act, the Migrant and Seasonal Agricultural Worker Protection Act, and the H-2A temporary agricultural worker provisions of the Immigration and Nationality Act.

During FY 1994, R&O provided substantial legal services to the Office of the Secretary, Office of Communications, and the Director of National Service concerning the USDA summer, Public Lands Corps, and AmeriCorps national service programs under the authority of the National and Community Service Act. R&O provided legal services and coordinated the resolution of issues of first impression arising out of the program with the Corporation for National and Community Service, DOJ, and DOL. In addition, R&O provided legal services to all USDA agencies involved in national service programs concerning appropriations and administrative issues presented by this unique program.

Further, R&O provided legal advice and services pursuant to Executive Order No. 12088 and applicable Federal and State pollution control laws on behalf of the Agricultural Research Service (ARS) and the Office of Operations (OO). R&O represented ARS with the Environmental Protection Agency (EPA) and various

State environmental enforcement agencies and State Attorney General offices concerning compliance with environmental laws at ARS facilities. During FY 1994, R&O negotiated compliance agreements with EPA and State environmental enforcement agencies concerning compliance with the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation, and Liability Act, the Clean Water Act, and applicable State environmental statutes. In addition, R&O provided counsel to OO concerning hazardous waste management and an environmental audit of the USDA Headquarters Complex. R&O has worked with the DOJ of Justice and other Federal Departments in response to Maryland Department of the Environment regulations purporting to regulate Federal facilities in Maryland concerning low level radioactive waste.

R&O drafted the documents under the Federal Advisory Committee Act necessary to implement the President's Northwest Timber Initiative.

Under the direction of OGC, applications for patents were prepared on inventions by USDA employees and contractors with the objective of obtaining patent protection for the Government. Sixty new inventions were reported to OGC during FY 1994. Fifty-five patent applications were prepared and submitted to the U.S. Patent Office during FY 1994. Thirty-eight patents were obtained, 16 applications were abandoned, and 14 cases were otherwise closed.

REGIONAL OFFICES

OGC currently has five regional and seventeen branch offices which provide legal services to numerous USDA agencies with field organizations, such as the Agricultural Marketing Service, Farm Service Agency, Rural Housing and Community Development Service, Forest Service and Natural Resources Conservation Service. In addition, OGC has placed several employees with client agency personnel in locations where OGC does not maintain an office, in order to provide direct legal services where needed.

OGC's field offices provide legal advice and services on all matters within the scope of delegations of authority vesting extensive power to implement programs at the State and local level in agency field staff, and on litigation within delegations by the Attorney General to United States Attorneys. Work on this litigation is completed at the local level, without involvement of the Washington office or DOJ.

A highly successful result was obtained in Krichbaum v. Kelley, an attempt to permanently enjoin the Marble Valley timber sale due to alleged National Environment Policy Act and National Forest Management Act violations. The District Court for the Western District of Virginia granted the Government's Motion for Summary Judgment, recognizing the difficulty of the Forest Service's mission to strike a balance between market and non-market objectives. The opinion contains important discussions on issues such as fragmentation, old growth, diversity, and methodology for information gathering, all of which have positive implications for current and future litigation. A major litigation victory was obtained in U.S.A. v. Hilario R. Alvarado, et al., in which borrowers argued that the foreclosure of a mortgage on property that was security for a Rural Housing loan, filed more than six years after acceleration, was barred by the statute of limitations set forth at 28 U.S.C. 2415. The 11th Circuit Court of Appeals held that a suit for amounts owed on the note was barred by the

6-year statute, but that the statute was not applicable to the foreclosure of the mortgage.

OGC has experienced an upward trend in the number of lawsuits involving environmental concerns related to timber sales, mining operations and grazing. The most serious cases are those resulting from a recent Ninth Circuit Court of Appeals decision (Pacific Rivers Council v. Thomas) which requires the Forest Service to complete programmatic consultation on all forest plans where new species have been listed as threatened and endangered species under the Endangered Species Act. Currently USDA is involved in lawsuits in Idaho, Arizona and New Mexico citing the Pacific Rivers case as the basis for closing down numerous Forest Service programs relating to timber harvesting, grazing and mining. Other victories involving the Ninth Circuit Court include Montana Ecosystems Defense Council v. Espy, in which the court upheld the Forest Service decision in approving a five year plan of timber harvest totalling 90 MMBF of timber in the Kootenai National Forest. In Preston v. Espy, (No. 93-35837) the court upheld the adequacy of an Environmental Assessment for the Prospect-Parmenter timber sale on the Kootenai National Forest against challenges based on the National Environmental Policy Act, National Forest Management Act, and Endangered Species Act.

In addition to work on civil litigation, legal assistance during FY 1994 included work on cases before administrative law judges or boards including legal assistance in implementing the provisions of the Wetlands Reserve Board; providing representation before the Equal Employment Opportunity Commission and Merit System Protection Board in the areas of contracts and administrative issues. OGC provided assistance in the handling of judicial foreclosures on security for emergency loans dating from the late 1970s and initiated collection suits. Extensive legal advice was provided on questions relating to the implementation of the Farmers Home Improvement Act of 1994. OGC also provided legal assistance in response to the Exxon Valdez oil spill, including major land acquisitions and environmental documents and hazardous waste problems involving abandoned mining sites with extremely complex legal situations.

OGC continues with efforts to strengthen its regional structure to operate as a national law office through information exchange, reports, weekly conference calls, cross-servicing of cases among offices, and emphasis on training of client and OGC personnel.

OFFICE OF THE INSPECTOR GENERAL

EXPLANATORY STATEMENT

The Office of the Inspector General was established pursuant to the Inspector General Act of 1978 (5 U.S.C. app. 3). Its activities consist of two broad areas, audit and investigations.

1. The appropriation funds activities which are authorized by the Inspector General Act of 1978 as amended. This Act expanded and provided specific authorities for the activities of the Office of the Inspector General which had previously been carried out under the general authorities of the Secretary of Agriculture. The Office of the Inspector General:
 - a. provides policy direction and conducts, supervises, and coordinates all audits and investigations relating to programs and operations of the Department;
 - b. reviews existing and proposed legislation and regulations and makes recommendations to the Secretary and Congress regarding the impact such initiatives will have on the economy and efficiency of the Department's programs and operations and the prevention and detection of fraud, waste, and mismanagement in such programs;
 - c. recommends policies for and conducts, supervises, or coordinates other activities in the Department whose purposes are to promote economy and efficiency or prevent and detect fraud, waste, and mismanagement;
 - d. recommends policies for and conducts, supervises, or coordinates relationships between the Department and other Federal, State, and local government agencies concerning: (1) promoting economy; (2) preventing and detecting fraud, waste, and mismanagement; and (3) identifying and prosecuting people involved in fraud, waste, and mismanagement; and
 - e. keeps the Secretary and the Congress fully and currently informed about fraud, other serious problems, waste, mismanagement, and deficiencies in Department programs and operations; recommends corrective action; and reports on the progress made in correcting the problem.
2. The Office of the Inspector General is headquartered in Washington, D.C., and has regional offices in the following cities: New York, New York; Hyattsville, Maryland; Atlanta, Georgia; Chicago, Illinois; Temple, Texas; Kansas City, Missouri; and San Francisco, California. As of September 30, 1994, total onboard employment was 816 including 805 full-time and 11 other employees. There were 220 employees located in the metropolitan area, including 70 in our regional operations office in Hyattsville, Maryland, and 596 located in the field.

PERFORMANCE INDICATORS

Attached are the Office of Inspector General's monetary results for fiscal year (FY) 1994. Currently, the agency uses these items as indicators of performance.

ACCOMPLISHMENTS IN FISCAL YEAR 1994

During FY 1994, OIG issued 261 audit reports and 1,079 investigative reports. Investigations also had 856 indictments, 886 convictions, and 84 suits filed. The period of time to get court action on an indictment varies widely; therefore, the 886 convictions are not necessarily related to the 856 indictments.

Audit Monetary Results:

During FY 1994, management decisions were made on 292 audit reports. At the time of management decision, the monetary values agreed to by agencies were:

(In millions)

Questioned and unsupported costs		\$ 111.8
Recommended for recovery	\$ 42.5	
Not recommended for recovery	<u>69.3</u>	
Funds to be put to better use		<u>101.3</u>
Total audit monetary results		\$ 213.1

Investigative Monetary Results:

Claims established	\$ 4.6
Recoveries and collections	14.7
Cost avoidance (payments not made based on investigations)	5.3
Fines	5.5
Administrative penalties	.8
Restitution	<u>8.9</u>
Total investigative monetary results	\$ 39.8

OFFICE OF THE INSPECTOR GENERAL

Available Funds and Staff-Years1994 Actual and Estimated 1995 and 1996

Item	1994		1995		1996	
	Actual		Estimated		Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Office of the Inspector General.....	\$65,530,000	825	\$63,288,000	831	\$64,739,000	825
Obligations under other:						
USDA appropriations:						
Commodity Credit Corporation-						
Audit of Financial Statements.....	741,000	--	857,000	--	795,000	--
Consolidated Farm Service Agency						
(Formerly FCIC)						
Audit of Financial Statements.....	210,000	--	225,000	--	170,000	--
Rural Utilities Service:						
(Formerly REA)						
Audit of Financial Statements.....	169,750	--	175,000	--	170,000	--
Other.....	122,392	--	--	--	--	--
Total, Other USDA Funds:	1,243,142	--	1,257,000	--	1,135,000	--
TOTAL, OIG.....	\$66,773,142	825	\$64,545,000	831	\$65,874,000	825

OFFICE OF THE INSPECTOR GENERAL

Permanent Positions by Grade and Staff-Year SummaryFY 1994 and Estimated FY 1995 and 1996

Grade	1994			1995			1996		
	Hdqtrs	Field	Total	Hdqtrs	Field	Total	Hdqtrs	Field	Total
Executive									
Level IV	1	0	1	1	0	1	1	0	1
ES 6	1	0	1	1	0	1	1	0	1
ES 4	6	0	6	6	0	6	6	0	6
ES 3	1	0	1	1	0	1	1	0	1
ES 2	0	0	0	0	0	0	0	0	0
GS/GM 15	15	14	29	12	14	26	12	14	26
GS/GM 14	33	37	70	31	37	68	31	37	68
GS/GM 13	37	140	177	38	135	173	38	134	172
GS-12	15	307	322	14	306	320	14	305	319
GS-11	10	76	86	10	73	83	10	72	82
GS-10	1	0	1	1	0	1	1	0	1
GS-9	2	23	25	2	22	24	2	22	24
GS-8	7	0	7	7	0	7	7	0	7
GS-7	18	35	53	18	33	51	17	32	49
GS-6	6	37	43	6	36	42	6	35	41
GS-5	5	20	25	5	19	24	5	19	24
GS-4	1	2	3	1	2	3	1	2	3
Total Permanent Positions....	159	691	850	154	677	831	153	672	825
Unfilled Positions									
End-of-year..	-7	-29	-36	0	0	0	0	0	0
Total, Permanent Employment, End-of-year..	152	662	814	154	677	831	153	672	825
Staff-Years Ceiling.....	150	675	825	154	677	831	153	672	825

OFFICE OF THE INSPECTOR GENERAL

CLASSIFICATION BY OBJECTS1994 and Estimated 1995 and 1996

Personnel Compensation:	<u>1994</u>	<u>1995</u>	<u>1996</u>
Headquarters.....	\$ 8,650,734	\$ 8,712,000	\$ 8,918,000
Field.....	<u>32,739,627</u>	<u>33,367,000</u>	<u>34,149,000</u>
11 Total personnel comp.....	41,390,361	42,079,000	43,067,000
12 Personnel benefits.....	10,261,486	10,880,000	11,136,000
13 Former personnel.....	<u>464,525</u>	<u>20,000</u>	<u>20,000</u>
Total personnel compensation benefits.....	<u>52,116,372</u>	<u>52,979,000</u>	<u>54,223,000</u>
Other Objects:			
21 Travel.....	5,574,904	5,200,000	5,322,000
22 Transportation of things.	261,416	225,000	230,000
23.2 Rental payments to others	170,906	156,000	160,000
23.3 Communications, utilities, and misc. charges.....	1,186,494	1,244,000	1,239,000
24 Printing and reproduction	139,641	140,000	143,000
25.1 Consulting services.....	41,000	44,000	45,000
25.2 Other services.....	1,595,221	1,060,000	1,085,000
25.3 Purchase of goods and.... services.....	2,291,533	1,559,000	1,595,000
26 Supplies and materials...	704,092	450,000	460,000
31 Equipment.....	1,154,887	200,000	205,000
42 Insurance and indemnities	21,533	31,000	32,000
43 Interest and dividends...	<u>0</u>	<u>0</u>	<u>0</u>
Total other objects.....	<u>13,141,627</u>	<u>10,309,000</u>	<u>10,516,000</u>
Total direct obligations.....	<u>\$65,257,999</u> =====	<u>\$63,288,000</u> =====	<u>\$64,739,000</u> =====

Position Data:

Average Salary, ES positions...	\$111,000	\$116,000	\$119,000
Average Salary, GM/GS positions (Average Direct Salary).....	\$ 52,000	\$ 53,000	\$ 55,000
Average Grade, GM/GS positions.	10.8	10.8	10.8

OFFICE OF THE INSPECTOR GENERAL

Passenger Motor Vehicles

The Fiscal Year 1996 Budget Estimate does not include the purchase of additional passenger vehicles.

The Office of Inspector General (OIG) owns 21 vehicles (14 vans, 4 pickup trucks, and 3 sedans). This figure includes two sedans and a pickup truck which were seized and forfeited to the Government as the result of OIG investigations in cooperation with other law enforcement agencies. These vehicles were acquired by OIG under the excess property regulations. The agency utilizes these vehicles for law enforcement activities during undercover operations to obtain evidence for prosecutions. OIG has installed specialized law enforcement equipment such as radios, cameras, and video equipment in these surveillance vehicles. Examples of these investigations include the controlled exchange of USDA Food Coupons for cash or contraband and observing and photographing meat plant slaughtering and selling dead or adulterated livestock to the public. OIG must have such operational capabilities and equipment to fulfill the statutory criminal investigative responsibilities specified in the Inspector General Act of 1978 and other related Congressional Acts.

Age and mileage data for passenger-carrying vehicles on hand as of September 30, 1994, are listed below. No requests for additional vehicles are anticipated. These figures do not include vehicles leased from the General Services Administration (GSA) or commercially-leased under GSA approved contracts.

<u>Age-Year of Model</u>	<u>Age Data</u>		<u>Mileage Data</u>		
	<u>Number of Vehicles</u>	<u>% of Total</u>	<u>Lifetime Mileage</u> (thousands)	<u>Number of Vehicles</u>	<u>% of Total</u>
1990	1	33	80-100	1	33
1987	1	33	60-80	1	33
1985	<u>1</u>	<u>33</u>	40-60	<u>1</u>	<u>33</u>
	3	100		3	100
	==	===		==	===

PROPOSED LANGUAGE CHANGES
OFFICE OF THE INSPECTOR GENERAL

The estimate includes proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Office of the Inspector General

For necessary expenses of the Office of the Inspector General, including employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and the Inspector General Act of 1978 as amended, [\$63,418,000] \$64,739,000, including such items as may be necessary for contracting and other arrangements with public agencies and private persons pursuant to section 6(a)(9) of the Inspector General Act of 1978, as amended, and including a sum not to exceed \$50,000 for employment under 5 U.S.C. 3109; and including a sum not to exceed [~~\$95,000~~] \$125,000 for certain confidential operational expenses including the payment of informants, to be expended under the direction of the Inspector General pursuant to Public Law 95-452 and section 1337 of Public Law 97-98.

The change proposes an increase from \$95,000 to \$125,000 for confidential funds. The \$95,000 has been sufficient in the past for confidential activities; however, in 1994, demands for these funds have increased. Based on cases currently in process and because these needs are so unpredictable, we anticipate the need for the \$95,000 limitation to be increased to \$125,000 so that OIG may run these undercover operations in an efficient manner.

OFFICE OF THE INSPECTOR GENERAL
SALARIES AND EXPENSES

Appropriations Act, 1995	\$63,418,000
Budget Estimate, 1996.	<u>64,739,000</u>
Increase in Appropriation.	<u>+1,321,000</u>
	=====

Adjustments in 1995:

Appropriations Act, 1995	\$63,418,000
Transfer of EEO Counseling function to Departmental Administration (Office of Civil Rights Enforcement) a/.	<u>-130,000</u>
Adjusted base for 1995.	\$63,288,000
Budget Request, 1996.	<u>64,739,000</u>
Increase from adjusted 1995	<u>1,451,000</u>
	=====

a/ Pursuant to the authority given to the Secretary in Reorganization Plan No. 2 of 1953, the equal employment opportunity counseling function was consolidated in the Office of Civil Rights Enforcement, per Secretary's Memorandum No. 1020-42, September 26, 1994.

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

<u>Item of Change</u>	<u>1995 Estimated</u>	<u>Program Changes</u>	<u>Pay Cost</u>	<u>Other Changes</u>	<u>1996 Estimated</u>
Audit & Invest.	\$63,288,000	-\$834,000	+\$1,885,000	+\$400,000	\$64,739,000
	=====	=====	=====	=====	=====

PROJECT STATEMENT
(On basis of adjusted appropriation)

	: 1994 Actual	: 1995 Estimated	: Increase	: 1996 Estimated
Project	: Amount	: Staff: : Years:	: Staff: : Years: or Decrease	: Amount : Staff : Years
Audit and	:	:	:	:
Investigations:	\$65,257,999	825	831	\$64,739,000
Unobligated...	272,001	--	--	--
Total,	:	:	:	:
Appropriation..	\$65,530,000	825	831	\$64,739,000
	=====	=====	=====	=====

JUSTIFICATION OF INCREASES AND DECREASES(1) A net increase of \$1,451,000 consisting of:

(a) An increase of \$1,035,000 which includes \$182,000 for annualization of the fiscal year (FY) 1995 pay raise and \$853,000 for the anticipated FY 1996 pay raise.

(b) An increase of \$850,000 for Availability Pay.

OIG agents regularly work well beyond the traditional 40-hour work week while conducting criminal investigations. Long hours are inherent with law enforcement investigations. Currently, agents are compensated for this additional work under an administratively uncontrollable overtime program that provides certain agents an additional 10 to 25 percent of pay. Legislation has been signed by the President (P.L. 103-329) that establishes a new "availability pay" program providing a 25 percent base pay increase for all series 1811 criminal investigators. This request is to provide funds to the agency for this mandatory increase in pay costs.

(c) An increase of \$400,000 for tactical communications equipment for law enforcement operations.

Based on new requirements set forth by the National Telecommunications and Information Administration, Department of Commerce, all radio equipment must be capable of operating within a 12.5 kHz channel. The current radios in use by our agents were purchased over 5 years ago, and they will not meet the new channeling requirements. This new channeling requirement will promote the use of fewer frequencies and the reduction or elimination of radio interference. To comply with this new channeling requirement and maintain clear, effective radio communications for law enforcement purposes, the Office of the Inspector General (OIG) will need to replace and/or recrystallize all of this radio and consensual monitoring equipment. In addition, OIG does not have a sufficient number of cellular telephones (or telephone equipment) to support its field agents. Over the years, OIG has increased its dependence upon tactical communications (portable communications equipment) as its field operations have become larger, more dangerous, and more complex. It is imperative that OIG agents have effective communications capability for their safety in conducting criminal investigations. This increase is for 2 years only.

(d) An increase of \$356,000 for inflation in nonsalary costs.

(e) A decrease of \$34,000 for FTS 2000 services.

This decrease reflects lower long distance telecommunications prices due to price redeterminations in the FTS contracts.

(f) A decrease of \$500,000 for OIG activities (\$63,288,000 available in FY 1995).

In the FY 1995 appropriation, Congress provided an additional \$500,000 to the agency "to enhance the Inspector General's efforts in programs operated by and through the Department." Due to overall budget constraints, this additional level of resources for this activity cannot be sustained. OIG will continue to devote resources on work related to the elimination of waste, fraud, and abuse within the U.S. Department of Agriculture. We expect this percentage of resources to continue in FY 1996 at this reduced level.

- (g) A decrease of \$300,000 for a reduction in Federal employment costs.

In support of the Secretary's streamlining efforts and the President's Executive Order mandating a reduction in Federal employment, OIG is reducing employment from the FY 1993 base. To achieve the reduction, OIG will streamline its operations. The total reduction in personnel costs amounts to \$300,000. The agency expects to achieve this reduction by reviewing its existing organizational structure to determine if any offices could be consolidated or eliminated through attrition and by filling only the most critical positions as vacancies occur. To achieve the reduction target, OIG will eliminate 6 staff-years by the end of FY 1996.

- (h) A decrease of \$356,000 for administrative efficiency.

To implement the President's Executive Order to reduce overhead-type outlays from the FY 1993 baseline by 3 percent in FY 1994, 6 percent in FY 1995, 9 percent in FY 1996, and 14 percent in FY 1997, budget authority in 1996 must be reduced by \$356,000. In order to achieve these savings, OIG will reduce discretionary expenses by \$356,000 in FY 1996 in areas such as equipment, supplies, and communication charges.

OFFICE OF THE INSPECTOR GENERAL

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS

1994 and Estimated 1995 and 1996

	FY 1994		FY 1995		FY 1996	
<u>Locations</u>	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>
California	\$ 7,331,682	98	\$ 7,125,000	99	\$ 7,288,000	98
D.C.	14,205,232	150	13,674,000	150	13,991,000	149
Georgia	8,703,016	113	8,458,000	114	8,651,000	113
Illinois	7,217,356	101	7,014,000	102	7,174,000	101
Maryland	8,107,396	104	7,879,000	105	8,059,000	104
Missouri	10,733,030	142	10,430,000	143	10,669,000	143
New York	2,672,284	31	2,597,000	32	2,656,000	31
Texas	6,288,003	86	6,111,000	86	6,251,000	86

Subtotal, Available or Estimate ..	65,257,999	825	63,288,000	831	64,739,000	825
Unobligated Balance	272,001	--	--	--	--	--

Total, Available or Estimate ..	\$65,530,000	825	\$63,288,000	831	\$64,739,000	825

**OFFICE OF THE INSPECTOR GENERAL
STATUS OF PROGRAM**

The Office of the Inspector General (OIG) is operationally independent of other agencies of the Department. OIG has the responsibility to: (1) supervise, coordinate, and provide policy direction for audit and investigative activities relating to programs and operations of the Department; (2) recommend policies and conduct, supervise, or coordinate other activities of the Department for the purpose of promoting economy and efficiency and preventing and detecting fraud, waste, and mismanagement in its programs and operations; (3) keep the Secretary and the Congress informed of fraud and other serious problems, waste, and deficiencies relating to the administration of programs and operations of the Department; and (4) recommend corrective action and report on progress made in obtaining management's agreement to implement such action.

ACCOMPLISHMENTS IN FISCAL YEAR 1994

During fiscal year (FY) 1994, OIG issued 261 audit reports and 1,079 investigative reports. Investigations also had 856 indictments, 886 convictions, and 84 suits filed. The period of time to get court action on an indictment varies widely; therefore, the 886 convictions are not necessarily related to the 856 indictments.

Audit Monetary Results:

During FY 1994, management decisions were made on 292 audit reports. At the time of management decision, the monetary values agreed to by agencies were:

	<u>(In millions)</u>
Questioned and unsupported costs and loans	\$111.8
Recommended for recovery	\$42.5
Not recommended for recovery	<u>69.3</u>
Funds to be put to better use	<u>101.3</u>
Total audit monetary results	\$213.1

Investigative Monetary Results:

Claims Established	\$ 4.6
Recoveries and collections	14.7
Cost avoidance (payments not made based on investigations)	5.3
Fines	5.5
Administrative penalties	0.8
Restitutions	<u>8.9</u>
Total investigative monetary results	\$ 39.8

AUDIT ACCOMPLISHMENTS

During FY 1994, we focused our audit efforts on consumer protection issues such as the Food Safety and Inspection Service's (FSIS) inspection programs, consumer services such as food stamp and emergency assistance programs, and disaster payment programs to farmers for nonprogram crops. We worked closely with Agricultural Marketing Service (AMS) officials to improve compliance with marketing orders. We audited Forest Service's (FS) timber salvage sale

programs and reviewed the cost of its airtanker services. We reviewed the Commodity Credit Corporation's (CCC) food aid program to the newly independent states of the former Soviet Union. We also audited the Department's financial statements as required by the Chief Financial Officers Act.

Details of our significant audit accomplishments can be found in the Semiannual Reports to Congress covering FY 1994. Some highlights are provided below.

FOOD SAFETY

State-Operated Inspection Programs Need Improved FSIS Oversight

Individual States may operate their own meat and poultry inspection programs and inspect plants within their borders that do not market products in interstate commerce. These State programs operate under FSIS oversight and are required to provide inspection standards at least equal to those of FSIS. These plants account for about 7 percent of the meat and poultry products marketed in the United States.

FSIS' reviews of the State programs were inconsistent from State to State, and although they often cited problems at the plants, they did not determine why the States' inspections allowed the problems to occur. Because the inspection system was not corrected, the problems continued. We found previously undisclosed sanitation problems in 61 of the 90 plants we visited in 6 States, some of them serious enough to create a risk of product contamination. After we completed our fieldwork in one State, State officials made onsite inspections in all 194 of their plants and halted production in 76 plants until food safety and sanitation problems were corrected. Also, FSIS reviews did not disclose that some States failed to follow up when laboratory tests revealed dangerous micro organisms in product samples.

We recommended that FSIS develop procedures to ensure that its reviews are adequate and consistent and that it includes both laboratory testing procedures and followup on test results. FSIS took action to implement our recommendations.

FOOD AND CONSUMER SERVICES (FCS) - (Work Performed by the former Food and Nutrition Service (FNS))

Controls and Quick Actions Help the Emergency Food Stamp Program (FSP) Succeed

We worked with FCS and State agency personnel to monitor and review the Emergency FSP implemented in Los Angeles County as a result of an earthquake and in 25 Georgia counties as a result of flooding caused by tropical storm Alberto. We found some fraudulent participation by households and caseworkers. For example, 33 individuals were identified trafficking in food stamps immediately following the earthquake. However, we found that State and county personnel worked under very difficult circumstances to achieve program objectives. We did make recommendations to improve controls to prevent duplication and deal with missing authorization-to-purchase cards. We also observed that one Georgia county sustained little physical damage and did not need to implement planned automatic emergency mail issuance. Dealing with each household based on the individual circumstances saved issuances of about \$438,000.

Corrective Action Needed to Reduce Florida's Error Rate

Each year, State agencies administering FSP have made overpayment and underpayment errors in food stamp issuances. Florida has had one of the highest error rates in the nation for 3 of the last 4 years, see table below.

	1986	1987	1988	1989	1990	1991	1992	1993	1994
Overpayment rate:									
U.S.	8.09%	7.58%	7.41%	7.27%	7.35%	6.96%	8.19%	8.28%	NA
Florida	5.95%	7.32%	6.08%	7.60%	7.03%	8.01%	15.71%	13.81%	NA
Underpayment rate:									
U.S.	2.27%	2.63%	2.52%	2.54%	2.47%	2.35%	2.50%	2.54%	NA
Florida	2.09%	3.00%	3.30%	3.49%	2.63%	2.88%	3.96%	3.15%	NA
U.S. Benefit Costs	\$10.605	10.500	11.141	11.682	14.205	17.339	20.902	22.004	22.752
(Billion \$)									

Florida made progress in reducing its combined over and underpayment error rate from 19.7 percent in 1992 to 17 percent in 1993, but it is still well above the national average of 10.8 percent. Florida still issued \$184 million in erroneous benefits, about 10 percent of erroneous issuances nationally. For this reason, at FCS' request, we audited Florida's administration of the Program to determine the reasons for the high error rate, what was being done to correct it, and how much had been issued because of Florida improperly extending certification periods.

The State's error rate was high for several reasons. Errors in income accounted for 64 percent of the \$256.9 million in payment errors the State made in FY 1992. The State improperly extended certification periods when it found itself without a workable statewide computer system. In FY 1992, this resulted in overissuances of \$86.5 million, about 34 percent of the payment errors made that year. The State also issued \$709,000 in duplicate benefits. One possible explanation for the high income error rate is that eligibility worker staffing levels remained stable between FY 1989 and FY 1993 even though the food stamp caseload increased 132 percent. Eligibility workers did not use the Income Eligibility Verification System to verify recipients' income that they should have.

We made a series of recommendations to FCS to deal with these problems. FCS and the State of Florida reached a settlement in FY 1994 on the projected liabilities we reported, as well as outstanding quality control sanctions from FY 1992 and FY 1993. In addition to an immediate cash settlement of \$680,000 for the duplicate issuances, Florida agreed to reinvest a minimum of \$16.5 million in FSP improvements over the next 5 years or up to a maximum of \$23.5 million if specified performance targets are not met.

Food Stamps Issued by Mail Are Vulnerable to Theft

States issue food stamps to recipients by various methods, including delivery through the U.S. Postal Service. In FY 1993, 42 States and their agents mailed over \$6.3 billion in food coupons directly to recipients and, although most are issued properly, reported over \$23.9 million in mail losses.

We did find, however, some food stamps issued through the mail are vulnerable to theft and embezzlement. For example, an issuance site employee stole over \$5,000 in food stamps out of the return mail while under surveillance by OIG. After her arrest, the employee admitted to stealing \$100,000 more. Federal regulations provide only minimal guidance to States and contracted companies on specific methods to be used to safeguard food stamps issued through the mail. Neither State nor FCS reviews of FSP generally included mail issuance operations.

We recommended that FCS develop more stringent internal control requirements for safeguarding food stamps issued through the mail. For example, contracts between State agencies and their issuing agents should contain provisions for a minimum number of employees, and specific internal controls must be

maintained by issuance companies. FCS officials agreed with our conclusions and recommendations.

FARM AND FOREIGN AGRICULTURAL SERVICES

FARM SERVICE AGENCY (FSA) - (Work Performed by the former Agricultural Stabilization and Conservation Service (ASCS))

Problems in Disaster Assistance for Nonprogram Crops Continue to Result in Program Abuse and Excessive Program Payments

Disaster assistance legislation and program controls were not adequate to prevent program abuse and excessive payments to producers of nonprogram crops in 1993. Some of the reasons FSA paid excessive disaster payments included legislation that required payment rates to be set based on market prices which could include production costs not incurred; producers either not planting, following proper farming practices, or harvesting available production; submission of false certifications by producers; and the establishment of excessive yields by FSA State offices. Some of the producers who submitted false certifications are currently under investigation. We also provided testimony and information on this audit effort to the Senate Agriculture Committee at its request.

To correct the conditions reported, we recommended that FSA seek legislative, regulatory, or administrative changes that will require producers to report historical yields and sales information and current production cost data to be used in computing disaster payments. Further, we recommended that FSA reduce payments if producers do not follow proper farming practices or do not incur normal production costs, ensure that rates and yields reflect actual sales prices and production, allocate payment shares between producers and their contractors, require producers to certify crops at the time of planting, increase penalties for false certifications, and analyze trends to identify questionable disaster payments. FSA officials are in the process of correcting the reported violations and are using our work to identify policy and administrative procedures in need of improvement. We are continuing some work on the 1993 disaster payments and plan to monitor and review as necessary any requests and signups for 1994 disaster relief.

Marketing Loan Provisions Are Meeting Objectives but at Excessive Cost

The marketing loan program is intended to (1) minimize crop forfeitures and the accumulation of commodities in Government inventory and (2) increase the supply of U.S. commodities available for export and domestic use. This is done by allowing producers to take a cash payment rather than a commodity loan or repay a commodity loan at a rate less than the price support loan rate. However, we found that the cost for meeting the stated objectives was excessive.

We found that marketing loan costs for the 3 calendar years ended December 31, 1992, totaled about \$1.2 billion for cotton and rice. We estimated that 95 percent of the \$1.2 billion was not needed to encourage producers to repay or forgo loans. Further, the programs did not make domestic prices of cotton and rice competitive with world prices. For the 3 years reviewed, domestic prices for cotton and rice were substantially higher than the adjusted world prices and domestic prices often exceeded the price support rates. This resulted in little or no incentive being needed to encourage farmers to sell their crops in the marketplace. To correct the conditions reported, we recommended that FSA use domestic market prices to establish the discounted loan repayment rate for cotton and seek a legislative change to do the same for rice. FSA officials expressed concerns about the availability of domestic price data for rice and cotton and about making cotton less competitive in world markets. However, the Department agreed to consider our recommendations

Federal Crop Insurance Reform Act of 1994 (incorporated into The Federal Crop Reform and Department of Agriculture Reorganization Act of 1994) provides for mandatory catastrophic risk protection. This coverage is likely to significantly increase the magnitude of this FCIC cost.

INTERNATIONAL FOOD AID

Commodity Credit Corporation (CCC) Needs to Support Management Controls

A joint audit-investigative task team evaluated the \$1.8 billion of food aid assistance donated to the Newly Independent States (NIS) of the Former Soviet Union. The food aid donation programs in NIS were generally successful, and many positive changes took place in the developing countries. Evaluators found that CCC, however, needed to publish program regulations, review staffing requirements, send its annual reports to Congress concerning food aid donations, and require that cooperating sponsors obtain non-federal independent audits concerning program activity. Strengthening the controls will help to prevent program fraud and abuse. Six of the eight cooperating sponsors evaluated did not comply with the terms of the donation agreements, resulting in unnecessary costs of \$8.9 million. Unsure of program requirements, a recipient agency limited competition and allowed price-fixing during the sale of the donated commodities. Three cooperating sponsors misused sales proceeds, and two did not have the appropriate controls to ensure accountability. The 1993 press allegations concerning conflict of interest, diversion of wheat, lack of accountability, bribes, threats against employees, and dumping of unwanted commodities on Russia were not substantiated.

NATURAL RESOURCES AND ENVIRONMENT

FOREST SERVICE (FS)

Contracting Costs for Airtankers Are Higher Than Necessary

We reviewed the FS contracting for airtankers which are used to help suppress wildfires across the 191 million acres of its National Forest System. The 1993 contracts were awarded at a cost of about \$15.7 million. We found that the cost of airtanker service was \$1.9 million higher than necessary. This was caused, in part, by flight rates based on undocumented estimates rather than on actual operating costs. In addition, almost 30 percent of the hourly flight rate included a component for engine replacements even though the contractors had little or no investment in the aircraft, had access to free spare parts, and were not required to, and did not, set aside the funds for replacements. This problem also occurred in 1991 and 1992 when contractors received payments of \$1 million for engine replacement.

Among our recommendations was one that FS negotiate new airtanker contracts prior to exercising the 1995 contract option year. FS officials agreed with our recommendations or proposed acceptable alternatives and are negotiating new contracts for FY 1995.

Changes Needed in Dealings with Interest Groups on Timber Sale Policies

Members of Congress, some concerned about the influence exerted by environmental groups and others about the influence exerted by the timber industry, asked OIG to review FS' dealings with these groups. Our evaluation concluded that FS managers have coordinated with all interested groups; however, we identified several conditions which gave the appearance of undue influence. Through an agreement reached with the Pacific Northwest Region, environmentalists who had blocked timber sales through the threat of litigation reviewed sales after FS had determined that environmental requirements had been met. Thus, the environmentalists appeared to have the status of "de facto" advisors, giving their opinions as to how much of the

concerning loan costs for cotton and rice as proposals for the 1995 Farm Bill are developed.

Exporters Received Millions in Excessive Subsidies Under the Upland Cotton User Marketing Certificate Program

We found that the Upland Cotton User Marketing Certificate Program had resulted in major changes in the marketing of exported cotton and that large exporters, with foreign affiliates, were receiving excessive payments in comparison to domestic users and exporters without foreign affiliates. The calculated payment rate for "forward contracted" export sales resulted in a large payment in 1 given week and almost all exports for a given year were made in that week. This was done by making sales to an exporter's foreign affiliate with final destination unknown. In 1993, these exporters got about \$32 per bale rather than the \$6 per bale other exporters and domestic users received. FSA has taken partial action on our recommendations by amending its rate-setting process to limit the increase in the payment rate to 20 percent of the previous week's rate and by placing a cap on payment rates over an expanded "forward" contracting season receiving an additional \$24.6 million in benefits.

Producers Continue to Evade Payment Limits

Our audits continue to find that producers are using schemes to evade payment limitation rules. For example, a husband and wife reported to FSA that they sold part of their mohair operations to his parents. However, we found the parents were not actively engaged in the mohair operation. In this case, FSA requested refunds totaling \$1.2 million. In another case, we found that 13 of 14 entities reviewed provided FSA with erroneous information, including false information on real estate leases, equipment ownership, equipment leases, personal labor contributions, and ownership interest in crops. None of the 13 entities qualified for the \$891,000 they received in FSA payments. In a third case, a producer created fictitious entities by using farm employees and a corporation to conceal his interest in the separate operations. FSA determined that the producer participated in a scheme to obtain payments totaling over \$465,000.

Penalties to be Assessed on Peanut Producers and Handlers

A peanut handler violated program regulations during 1991 and 1992 by selling uninspected peanuts for human consumption, not properly identifying the peanuts on marketing cards, not keeping proper records, and marketing peanuts in excess of the farm's quota. These violations subjected the handler to over \$1.2 million in penalties. In another case, two peanut producers with family ties to a handler did not properly report peanut production and disposition for their farms. The handler commingled the additional uninspected peanuts obtained from the producers with previously inspected peanuts and did not properly identify the production on the producer's marketing card. In this case, the producers and handler are subject to penalties of over \$222,000. FSA agreed to assess the penalties in these two cases totaling over \$1.4 million.

Reducing Units Could Result in Significant Savings in Crop Insurance

The Federal Crop Insurance Corporation (FCIC) (now part of FSA) regulations allow producers to divide their farms into multiple units for crop insurance purposes. Multiple units enable producers to separately insure various parts of their operation and to receive indemnity payments if some of these units suffer losses even though other units' production may be equal to or greater than the guarantee. In our audit of crop year 1991 policies, we concluded that FCIC could have reduced their costs by over \$336 million if FCIC limited the number of units for each crop. FCIC responded that the insured producers demand multiple units and, accordingly, FCIC is meeting market demand. The

statements to verify the borrower's reports of account balances, (3) revise the program for audits of project operations to include coverage of areas with a high vulnerability to abuse, and (4) require borrowers to promptly correct problems found during annual analyses. RHCDS officials agreed with our recommendations.

Servicing of Delinquent Loan Accounts Resulted in a Large Error Rate

We reviewed 27 borrowers in 18 States who either had their debts written down or were allowed to buy out their indebtedness at a reduced amount of about \$2.8 million. We found that about half the borrowers' applications contained inaccurate or incomplete information and that almost a third of the borrowers were approved for unauthorized writedowns and writeoffs totaling \$902,000. We statistically estimated that in the 18 States borrowers were approved for unauthorized benefits totaling \$73.3 million. We also found that RHCDS' servicing of delinquent borrower accounts was not timely for about a third of the cases reviewed. The servicing delays averaged 1.8 years and resulted in additional losses to the Government (e.g., excess interest accrual, real estate taxes, and depreciation of collateral) totaling almost \$1.9 million. We statistically estimated that in the 18 States, RHCDS experienced delays in servicing actions that will increase program losses by \$149.2 million. We recommended that counties (1) require borrowers to provide documentation to support income, expenses, debts, etc., when they apply for loan-servicing programs and (2) compare information borrowers submit to RHCDS with information they submit to CFSA. We also recommended that RHCDS State offices monitor accounts that have been delinquent for over 180 days to ensure timely servicing decisions. RHCDS officials agreed to develop regulations requiring an extensive evaluation of the financial condition of the borrower. In addition, RHCDS directed State offices to develop a follow-up system to improve servicing actions.

MARKETING AND REGULATORY PROGRAMS

AGRICULTURAL MARKETING SERVICE (AMS)

Improving Marketing Order Compliance

Over the past 2 years, we have worked closely with AMS officials to improve marketing order compliance. This past year we have been assisting the U.S. Attorney and AMS to deal with a number of lawsuits between orange handlers. Our audits identified a number of potential violations and provided information that was useful in reaching tentative settlement agreements. In August 1994, USDA terminated the marketing orders for lemons, navel oranges, and Valencia oranges grown in California and Arizona. However, there will still be 36 active marketing orders. We plan to continue assisting AMS by developing an audit program that will enable AMS to assess the effectiveness of administrative committees' compliance efforts.

PROGRAMS TO CONTROL ENVIRONMENTAL HAZARDS

The Underground Storage Tank Program Progresses Toward Compliance Deadline

Federal regulations enforced by the Environmental Protection Agency (EPA) for owners of underground storage tanks require the Department to prevent leaks and spills of hazardous materials from the 3,393 tanks it operates. USDA must identify and correct all of its underground storage tank installations to EPA standards by December 31, 1998. The Department has made substantial progress towards this target, having already removed or replaced 2,269 tanks at the time of our audit. This work had cost \$29 million paid through the Hazardous Waste Fund administered by the Assistant Secretary for Administration. Still, we found that deficiencies existed in both agency management and the Department's oversight of the cleanup program which could contribute to further pollution and prevent the program from meeting its compliance

sales could be released for auction. On one national forest in another region, 24 timber sales under contract were suspended when environmentalist groups found that forest personnel had not complied fully with the requirements of the National Environmental Policy Act. In response to these concerns, the forest supervisor agreed to permit environmentalists and "other interested parties" (who were not identified) to discuss sales before they became final.

In addition, FS officials meet twice each year with timber industry representatives to discuss various aspects of FS timber sale policy. The meetings are arranged by the industry which extends its own invitations. As a result of past meetings, the timber industry has had the opportunity to review proposed FS regulations prior to publication. We recommended that FS prohibit its employees from taking any actions that could give the appearance of allowing interested groups to exert undue influence over timber sale management. FS agreed to implement all of our recommendations.

NATURAL RESOURCES CONSERVATION SERVICE (NRCS) - (Work Performed by the former Soil Conservation Service)

Prompt Changes Strengthen the Emergency Wetlands Reserve Program

The Emergency Supplemental Appropriations for Relief from Major Widespread Flooding in the Midwest Act of 1993 provided funds for the repair of damages to waterways and watersheds from the 1993 floods. The legislation included provisions for restoring some damaged cropland to wetlands and for maintaining the wetlands through the purchase of permanent easements from landowners. To be eligible for enrollment, the land had to cost more to restore to farmland than it was worth as farmland, and the wetland restoration costs had to be minimal. For the initial signup, NRCS allocated about \$15 million to purchase easements on about 25,000 acres in eight States. We found that regulations provide for the inclusion of "other land" in the easement if it significantly adds to the wetland's values and functions. However, "other land" was not defined by procedures. We also noted the following problems in eligibility determinations and cost evaluations: (1) NRCS personnel in two States based land eligibility on the value of the easement rather than on the value of the wetland as farmland, (2) the costs to restore the land, used as an eligibility factor, varied significantly from State to State, and (3) NRCS personnel in two States did not evaluate bids on the basis of benefits v. costs. Our "upfront" assessment enabled management to make changes that strengthened the program and precluded dollar losses. Based on our report, NRCS immediately issued verbal instructions to the States to correct the conditions noted and later incorporated the instructions into written procedures.

RURAL HOUSING AND COMMUNITY DEVELOPMENT SERVICE (RHCDS) PROGRAMS

Related-Party Management Companies Misused Over \$918,000 of Rural Rental Housing (RRH) Program Funds

Our audit evaluated RHCDS's oversight of RRH borrowers who own both the projects and the companies that manage them. The 13 management companies we reviewed during our current audit operated 458 projects in 25 States and Puerto Rico. We found that all 13 management companies misused over \$918,000 in RRH funds. We found that the management companies charged over \$354,000 in unallowable expenses to the projects. These charges included: duplicate management company expenses; excessive site management fees; improper markups, partnership-related expenses; and unsupported expenses. Further, six management companies misused almost \$524,000 of reserve and tenant security deposit funds. One of the companies pledged \$125,000 of reserve funds from two projects as collateral for a commercial loan.

We recommended that RHCDS (1) monitor the reasonableness of charges made to projects by companies with financial ties to project owners, (2) use bank

- The Info Share staff accelerated its acquisition strategy by dividing the planned procurement into several phases. We believe this approach would make it more difficult to meet the overall goals and objectives of the program. The strategy emphasizes the use of computers rather than the redesign of business processes. In addition, we questioned the need for some of the acquisitions, the time available to test products, and the cost effectiveness of the strategy. Since we stated these concerns, changes have been made to the Info Share program to put more emphasis on the redesign of business processes rather than the acquisition of technology.
- Problems in the staffing of the Info Share project continue. The project is being staffed under a matrix management concept--agencies provide personnel who retain their current job responsibilities. Project managers complain that this organizational structure does not give them adequate control over personnel assigned to the project.
- Info Share managers need to implement a usable project management system to track critical activities and milestones. The current system is not used and there are no instructions on how to use the system even though managers said they would develop such a guide in response to one of our previous recommendations. Info Share officials are currently evaluating alternative systems and methods for managing and tracking project activities.
- We questioned the need for and costs of some items purchased with training funds. In addition, we found that Info Share management had entered into an agreement with the USDA Graduate School to provide training, then dealt directly with the training subcontractors instead of first going through the Graduate School in accordance with procurement regulations. Info Share management agreed to increase its oversight of the Graduate School agreement to ensure training funds are spent in the most cost-effective manner.
- Info Share has developed "Common Access Manager (CAM)," a hardware and software system that, if successful, would connect partner agency systems and facilitate data sharing. However, we found that CAM, as presently designed, would not be able to provide data sharing. We also questioned the purpose and costs of CAM. Info Share management generally agreed with our concerns and is reevaluating the program. All projects have been put on hold pending the outcome of this analysis. We will continue our monitoring effort and will work closely with management to help ensure successful completion of the project when it is resumed.

Misuse of Noncompetitive Research Agreements Halted

In order to facilitate the Federal partnership with the Land Grant system, Congress gave the Department special authorities to enter into noncompetitive and sole source agreements for research, extension, and education. The Secretary delegated this authority to the Cooperative State Research, Education, and Extension Service (CSREES) for the purpose of entering into agreements with the State Experiment Stations to provide specific inputs on a time-limited basis in order to further research of mutual interest to both parties.

objectives. In addition, we identified an unnecessary expenditure of \$514,400 and a potential expenditure of an additional \$1.5 million to correct tanks at nonconforming fuel facilities that, according to Departmental policy, should have been discontinued. The Assistant Secretary for Administration agreed with our findings and has coordinated changes in the procedures and practices of the responsible agencies that respond to our recommendations.

Health and Safety Alert Receives Quick Response

In the course of a survey on the Department's management and disposal of biological hazards, we found that a veterinary laboratory operated by the Animal Plant Health and Inspection Service (APHIS) was not designed nor fitted to Federal standards for facilities that work with certain animal pathogens.

We further discovered that while an agency Occupational Safety and Health Act (OSHA) compliance inspector had previously reported that these conditions could spread disease to laboratory employees and the local population, the agency had taken no action to correct or remove the danger. In consultation with the Department's OSHA program staff, we recommended that the Assistant Secretary for Marketing and Regulatory Programs oversee the resolution of this threat. As a result of this intervention, APHIS has agreed to discontinue working with the two pathogens at this facility. OIG is continuing its review of controls over hazardous biological materials by other agencies and at other APHIS facilities with a concern for both environmental protection and employee safety.

ACCOUNTING AND FINANCIAL MANAGEMENT

Financial Statements for the Department and Seven of its Agencies Audited: Six Unqualified and Two Qualified Opinions Issued

As required by the Chief Financial Officers Act of 1990, we completed eight financial statement audits. We issued unqualified (clean) opinions on the FY 1992 financial statements of the Commodity Credit Corporation, the Federal Crop Insurance Corporation, the Farmers Home Administration/Rural Development Administration, the Food and Nutrition Service, the Rural Electrification Administration, and the Rural Telephone Bank. Audits of the Forest Service and the departmental statements resulted in qualified opinions, largely because the Department had not had sufficient time to fully initiate corrective actions concerning the deficiencies found in prior audits.

Correcting the deficiencies involves changes in financial processes and systems requiring long-term efforts that cannot be completed in a single year. The Department and its agencies have put considerable effort into improving their financial systems and the financial reporting process. The Department established a coordinating committee of senior financial management officials and formed working groups in such areas as financial statement form and content, credit reform accounting, and quality control. The Department is carrying out its Financial Information System Vision and Strategy project, whose aim is to develop a blueprint for a single integrated financial system that meets all Treasury and Office of Management and Budget requirements and fulfills the needs of USDA. We continue to assist departmental officials in these efforts.

Monitoring of the Info Share Project

We monitored Info Share developments and provided technical assistance to the project staff. Info Share is a project, expected to cost in excess of \$1 billion, to integrate information systems and business processes in order to improve delivery of services to customers of farm service and rural development agencies. As part of our monitoring and technical assistance efforts, we raised the following concerns.

The owner and eight employees of two small retail food stalls in an indoor market in Baltimore, Maryland, have pled guilty or were convicted for trafficking in more than \$1.2 million worth of food benefits delivered via the Electronic Benefits Transfer (EBT) system. Individuals use their FSP-issued EBT card to purchase food, and payments are electronically transferred from the Government to the grocers' accounts. Seven of the nine subjects admitted that between January 1992 and December 1993 they routinely paid card holders for their EBT benefits. Three of the employees have been sentenced, with two receiving 21 months in prison and one receiving 21 months of home detention along with each receiving 2 years' probation. Sentencing of the other six individuals is pending.

Other Nutrition Programs

A contractor based in Virginia paid \$1.5 million to the Government to settle allegations of fraud involving two contracts with the former USDA Human Nutrition Information Service. The contracts were for surveys of food consumption habits of individuals and households. Survey results serve as the basis for Federal policies concerning food assistance programs and other related operations. The investigation found the contractor falsely claimed that a critical portion of the food survey had been completed, and the contractor submitted false bills in connection with the contracts. In addition to the civil settlement, the contractor entered into a 3-year agreement with USDA to institute safeguards against errors in billing, timekeeping, and accounting.

RURAL HOUSING AND COMMUNITY DEVELOPMENT SERVICE - (Work Performed by the Former Farmers Home Administration (FmHA))

During FY 1994, OIG issued 126 reports of investigation concerning FmHA programs and operations. Monetary results from FmHA investigations exceeded \$3.4 million and included over \$1.2 million in recoveries/collections, \$1.5 million in restitutions, fines in excess of \$0.2 million, and claims established of almost \$0.4 million. Examples of these cases are set forth below.

An Indiana Rural Rental Housing (RRH) program borrower, his wife and daughter, and a coworker were convicted of conspiring to defraud FmHA by submitting fictitious invoices for work never performed during the construction of 10 RRH projects in Indiana and Ohio. The projects' costs were actually \$1.7 million less than the borrower certified.

A Michigan RRH developer, an employee of his general contracting company, and the employee's wife were fined and sentenced to prison terms up to 5 years for inflating contract costs on a project in order to include the cost of an off-site road. The employee and his wife used a dummy corporation to hide the cash realized from their scheme. At the time this offense was committed, the employee was on probation from a previous conviction for defrauding the RRH program. He had been debarred from the program as a result of that conviction.

A Minnesota dairy farmer served a 5-month prison term after being convicted for concealing his sales of 1.3 million pounds of milk that was mortgaged to FmHA. The farmer concealed the sales by telling FmHA that his herd was dwindling because of disease and starvation. The farmer was actually using a trust to transfer his assets, including his dairy herd and the proceeds from the milk it produced, to his 13-year-old son.

FARM SERVICE AGENCY (FSA) - (Work Performed by the Former Agricultural Stabilization and Conservation Service (ASCS))

During FY 1994, OIG issued 88 reports of investigation for ASCS with monetary results totaling more than \$11 million. Included in this amount were

Responding to several complaints, we assessed the propriety of CSREES' use of these authorities and its management of the funds awarded through these agreements. Our audit disclosed that the management in CSREES used these authorities to award research funds to acquaintances. Several awards had provided supplementary staff functions to the Administrator's office for up to 10 years. We also found that, through a number of these agreements, appropriated funds had been used to support lobbying activities in favor of new CSREES programs or increased funding for some of its existing programs. Of \$21.7 million distributed through these agreements during the period covered by our audit, we determined that \$9.5 million had been awarded for inappropriate project activity. The Under Secretary for Research, Education, and Economics responded to our recommendations by changing the management and prohibiting future agreements from being awarded to ineligible recipients or from supporting agency operations or unauthorized project activity.

INVESTIGATIONS ACCOMPLISHMENTS

FOOD AND CONSUMER SERVICES (FCS) - (Work Performed by the Former Food and Nutrition Service)

Food Stamp Program

In FY 1994, OIG issued 738 reports of investigation relating to FCS programs, including 708 reports relating to the Food Stamp Program (FSP). Overall monetary results exceeded \$12.3 million, which included almost \$1.9 million in recoveries/collections, over \$4.7 million in restitution, fines in excess of \$4.7 million, administrative penalties of \$0.2 million, and over \$0.7 million in claims established. The following are some examples of these cases.

In New York, 53 individuals were arrested on food stamp fraud and money-laundering charges, and additional arrests are expected. The subjects were charged with obtaining food stamp authorizations for "sham" retail stores to launder millions of dollars in illegally obtained food stamps. The "sham" retail stores conducted little or no business, and the subjects unlawfully obtained and redeemed over \$40 million in food stamps. The subjects deposited large amounts of food stamps into their bank accounts and immediately withdrew large cash amounts. During the 18-month investigation, 14 subjects purchased over \$200,000 in food stamps from OIG undercover agents. Those food stamps were laundered through the various "sham" stores. OIG conducted this investigation jointly with several other law enforcement agencies. Prosecution is pending.

In Cleveland, Ohio, two brothers who owned FCS-authorized retail stores and a corporation pled guilty to conspiracy to illegally acquire and redeem at least \$3.2 million in food stamps and Womens, Infants, and Children (WIC) vouchers over a 4-year period. Store employees purchased food stamps and WIC vouchers for cash, and owners of other grocery stores brought food stamps to the authorized stores owned by the brothers for illegal redemption. The brothers and the corporation also pled guilty to Federal income tax evasion. One brother was sentenced to 21 months in prison, a \$250,000 fine, and 3 years probation. Sentencing of the other brother is pending.

In Los Angeles, the owner of a milk delivery company was sentenced to 27 months in Federal prison and ordered to pay \$115,000 in restitution after he pled guilty to illegally redeeming \$2.3 million in food stamps. The dairy operator was authorized by FCS to accept food stamps for sales of dairy products; however, he accepted food stamps from other dairy drivers who had obtained the stamps illegally. He then redeemed the stamps through his bank and charged the drivers a 5 percent handling fee. After a while, he quit selling dairy products altogether and gave his full attention to redeeming food stamps obtained from other drivers. By the time he was caught, he was illegally redeeming between \$2,000 and \$6,000 in food stamps per day.

recoveries/collections of over \$2.2 million, restitutions exceeding \$1.5 million, costs avoided in excess of \$5.1 million, administrative penalties of over \$0.6 million, fines of almost \$0.1 million, and claims established of over \$1.2 million. The following are some examples of these cases.

An Alabama farmer was sentenced to 8 months in prison and 3 years of supervised release after he pled guilty to defrauding the ASCS disaster program. The farmer claimed 1990 drought losses on 26 acres of cantaloupes that were never planted. The farmer was ordered to pay \$9,000 in restitution. The farmer's mother, who pled guilty to a similar scheme involving \$22,000 in disaster payments, was ordered to pay a \$5,000 fine and \$10,000 in restitution.

A Colorado agribusinessman was sentenced to 15 months in prison and ordered to make restitution of almost \$126,000 to CCC. After a jury trial, the defendant was found guilty on two counts of converting a total of over 53,000 bushels of wheat and barley mortgaged to CCC.

EMPLOYEE INTEGRITY

During FY 1994, OIG issued 68 reports of investigation concerning serious allegations of misconduct by USDA employees. Our investigations resulted in 22 convictions of current and former USDA employees and 79 personnel actions, including reprimands, suspensions, removals, and resignations. The following are two examples of these cases.

In Georgia, an ASCS program assistant was sentenced to 3 years in prison after admitting that she embezzled over \$463,000 in CCC funds between 1988 and 1991. The employee perpetrated the scheme by accessing ASCS computers and creating fictitious loans made payable to local farmers. She then issued checks to those farmers, forged their endorsement signatures and the signatures of ASCS approving officials, and deposited the funds into her personal bank account. The employee used the embezzled funds to purchase a home, furniture, and vehicles for family members.

A California FmHA assistant county supervisor was sentenced to 2 years in prison after she pled guilty to conspiring to accept bribes from Rural Housing (RH) program loan applicants and submitting false tax returns. Another six defendants also pled guilty to charges related to the scheme. The six other defendants solicited over \$127,000 in bribes from 79 RH applicants on behalf of the assistant county supervisor and received a share of the illegal proceeds. The loan applicants had applied for \$4.7 million in housing loans.

OFFICE OF COMMUNICATIONS

EXPLANATORY STATEMENT

Under authority contained in Reorganization Plan No. 2 of 1953 (7 U.S.C. 2201), the Secretary established the Office of Communications (OC), and ordered that the Office of Public Affairs be abolished effective September 30, 1994. All of the authorities, responsibilities, and functions assigned to the Office of Public Affairs were transferred to the Office of Communications (except for Intergovernmental Affairs responsibilities, which were transferred to the Assistant Secretary for Congressional Relation). OC undertakes its public information activities under delegations of authority from the Secretary of Agriculture; and through OC's public information activities, people outside the U.S. Department of Agriculture (USDA) learn about the policies, goals, programs, and executive management of the Department.

OC provides leadership, expertise, counsel, and coordination for the development of communication strategies which affect the overall formulation, awareness, and acceptance of USDA programs and policies. OC serves as the principal USDA disseminator of consistent and timely information. OC has reduced separate units and created an interactive team approach to communications management as a result of its internal reorganization.

The primary program of the Office of Communications is:

Communications and Public Affairs. Providing communications and public affairs direction in the development and delivery of information through all media to the public, which conveys the breadth of USDA programs including: farm and international trade services; rural economic and community development; food, nutrition, and consumer services; natural resources and environmental stewardship; marketing and inspection services; and research, education and economic activities. OC also serves as the liaison between the Department and the many associations and organizations representing America's food, fiber, and environmental interests with emphasis on policy education.

Service is provided through: Administration; Public & Media Outreach Center; Video, Teleconference & Radio Center; Design Center; Photography Center; Printing Management Center; and Coordination & Review Center. OC also provides centralized services financed through the Working Capital Fund (WCF) in the areas of video production and teleconferencing, and design and exhibits productions.

As of September 30, 1994, there were 118 full-time permanent employees and 10 other than full-time permanent employees.

OC did not have any Office of the Inspector General or General Accounting Office evaluation reports during the past year.

OFFICE OF COMMUNICATIONS

Available Funds and Staff-Years1994 Actual and Estimated, 1995 and 1996

Item	1994 Actual		1995 Estimated		1996 Estimated	
	Amount	Staff- Years	Amount	Staff- Years	Amount	Staff- Years
Direct Appropriation:	\$8,919,000	108	\$8,766,000	115	\$8,890,000	114
<u>Obligations Under Other</u>						
<u>USDA Appropriations:</u>						
Agency Photography Service.....	680,029	--	685,000	--	690,000	--
Food Safety and Inspection Service.....	30,000	--	--	--	--	--
Total Reimbursements.....	710,029	--	685,000	--	690,000	--
<u>Working Capital Fund:</u>						
Video & Teleconference.....	1,665,000	12	1,796,000	13	1,797,000	13
Visual Design Services.....	2,680,000	15	2,720,000	13	2,719,000	13
Purchase of Equipment.....	240,000	--	255,000	--	275,000	--
Total, Working Capital Fund	4,585,000	27	4,771,000	26	4,791,000	26
Total, Other USDA Appropriations.....	5,295,029	27	5,456,000	26	5,481,000	26
Total, Agriculture Appropriations.....	14,214,029	135	14,222,000	141	14,371,000	140
<u>Non-Federal Funds:</u>						
Sale of Photos and Slides.....	9,554	--	10,000	--	10,000	--
Total, Office of Communications.....	14,223,583	135	14,232,000	141	14,381,000	140

OFFICE OF COMMUNICATIONS

Permanent Positions by Grade and Staff-Year Summary1994 and Estimated 1995 and 1996

Grade	1994	1995	1996
	Washington, DC	Washington, DC	Washington, DC
ES-4.....	2	1	1
ES-1.....	3	4	3
GS-15.....	11	11	8
GS-14.....	30	25	24
GS-13.....	20	20	22
GS-12.....	18	17	18
GS-11.....	11	10	11
GS-10.....	1	1	1
GS-9.....	16	16	16
GS-8.....	4	3	3
GS-7.....	18	18	18
GS-6.....	5	5	5
GS-5.....	5	4	4
GS-4.....	1	1	1
Ungraded Positions...	5	5	5
Total, Permanent Positions.....	150	141	140
Unfilled Positions end-of-year.....	-27	--	--
Total, Permanent Employment, end-of-year.....	123	141	140
Staff-Year Ceiling.....	135	141	140

OFFICE OF COMMUNICATIONS
CLASSIFICATION BY OBJECTS
1994 Actual and Estimated, 1995 and 1996

	<u>1994</u>	<u>1995</u>	<u>1996</u>
Personnel Compensation:			
Washington, D.C.....	\$5,993,734	\$6,395,000	\$6,503,000
11 Total personnel compensation.....	5,993,734	6,395,000	6,503,000
12 Personnel benefits.....	1,046,339	1,163,000	1,186,000
13 Benefits for former personnel	<u>329,612</u>	<u>13,000</u>	<u>13,000</u>
Total personnel compensation & benefits....	<u>7,369,685</u>	<u>7,571,000</u>	<u>7,702,000</u>
Other Objects:			
21 Travel.....	52,949	68,000	68,000
22 Transportation of things.....	10,348	11,000	11,000
23.3 Communications, utilities, and misc. charges.....	83,024	340,000	329,000
24 Printing and reproduction.....	30,435	237,000	220,000
25.2 Other services.....	68,349	287,000	302,000
26 Supplies and materials.....	51,874	43,000	42,000
31 Equipment.....	<u>119,708</u>	<u>209,000</u>	<u>216,000</u>
Total other objects.....	<u>416,687</u>	<u>1,195,000</u>	<u>1,188,000</u>
Total direct obligations.....	<u>7,786,372</u>	<u>8,766,000</u>	<u>8,890,000</u>
<u>Position Data:</u>			
Average Salary, ES positions.....	101,790	101,030	102,587
Average Salary, GS positions.....	53,250	53,544	55,388
Average Grade, GS positions.....	11.05	11.22	11.22

OFFICE OF COMMUNICATIONS

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

For necessary expenses to carry on services relating to the coordination of programs involving public affairs, and for the dissemination of agricultural information and the coordination of information, work and programs authorized by Congress in the Department, [\$8,198,000] \$8,890,000, including employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), of which not to exceed \$10,000 shall be available for employment under 5 U.S.C. 3109, and not to exceed \$2,000,000 may be used for farmers' bulletins.

OFFICE OF COMMUNICATIONS

Appropriations Act, 1995.....	\$8,198,000
Budget Estimate, 1996.....	<u>8,890,000</u>
Increase in Appropriation.....	<u>+692,000</u>

Adjustments in 1995:	
Appropriations Act, 1995	\$8,198,000
Activities transferred from USDA agencies a/.....	<u>+568,000</u>
Adjusted base for 1995.....	8,766,000
Budget Estimate, 1996.....	<u>8,890,000</u>
Increase over adjusted 1995.....	<u>+124,000</u>

a/ Pursuant to the authority given to the Secretary in the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act to transfer funding and staff-years within USDA to meet workload requirements, \$568,000 and 6 staff-years were transferred to the Office of Communications to create Communication Coordinators for each Under and Assistant Secretary area.

SUMMARY OF INCREASES AND DECREASES

(on basis of appropriation)

<u>Item of Change</u>	<u>1995 Estimated</u>	<u>Program Change</u>	<u>Pay Cost</u>	<u>Other Changes</u>	<u>1996 Estimated</u>
Communications.....	\$8,766,000	--	+\$152,000	-\$28,000	\$8,890,000

PROJECT STATEMENT

(On basis of adjusted appropriation)

	1994 Actual		1995 Estimated		Increase or Decrease	1996 Estimated	
	Amount	Staff- Years	Amount	Staff- Years		Amount	Staff- Years
Communications Unobligated balance.....	\$7,786,372	108	\$8,766,000	115	+\$124,000(1)	\$8,890,000	114
	1,132,628	--	--	--	--	--	--
Total available or estimate.....	8,919,000	108	8,766,000	115	+\$124,000(1)	\$8,890,000	114
Transferred to Asst. Secy for Cong. Rel.....	+475,000	+4	--	--			
Transferred from other agencies...	-349,000	-3	-568,000	-6			
Total Appropriation...	9,045,000	109	8,198,000	109			

JUSTIFICATION OF INCREASES AND DECREASES

(1) A net increase of \$124,000 for the Office of Communications, consisting of:

- (a) An increase of \$152,000, which includes \$25,000 for annualization of the fiscal year 1995 pay raise and \$127,000 for the anticipated fiscal year 1996 pay raise.
- (b) An increase of \$29,000 for one extra day's pay in fiscal year 1996.

More than 86 percent of the Office of Communications obligations is for salaries and benefits. This leaves little flexibility for absorbing the costs for one extra day's pay in fiscal year 1996. An absorption of these costs would result in a shift in workload and diminish necessary oversight, guidance, and support for the Department's programs. OC will use these funds to support one extra day's pay in fiscal year 1996.

- (c) An increase of \$62,000, which reflects a 3 percent increase in non-salary costs.
- (d) A decrease of \$50,000 and one staff year for a reduction in Federal employment.

In support of the Secretary's streamlining efforts and the President's Executive Order mandating a reduction in Federal employment, OC is reducing employment from the fiscal year 1993 base. To achieve the reduction, OC will streamline its operations while protecting the gains made in recent years to diversify the workforce.

- (e) A decrease of \$62,000 for administrative overhead.

In support of the Secretary's streamlining efforts and the President's Executive Order to reduce overhead-type costs from the fiscal year 1993 baseline, budget authority is reduced by \$62,000. In order to achieve these savings, OC will reduce discretionary expenses by \$62,000 in fiscal year 1996. This will be accomplished through monitoring the level of information support products in areas such as printing and visual services, and through conducting a review of administrative support service charges.

- (f) A decrease of \$7,000 for FTS 2000 funding.

This decrease reflects lower long distance telecommunications prices due to price redeterminations in the FTS 2000 contracts.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS

1994 Actual and Estimated 1995 and 1996

	1994		1995		1996	
	<u>Amount</u>	<u>Staff-Years</u>	<u>Amount</u>	<u>Staff-Years</u>	<u>Amount</u>	<u>Staff-Years</u>
District of Columbia.....	\$7,786,372	108	\$8,766,000	115	\$8,890,000	114
Unobligated Balance.....	1,132,628	--	--	--	--	--
Total, Available or Estimate.	8,919,000	108	8,766,000	115	8,890,000	114

OFFICE OF COMMUNICATIONS

STATUS OF PROGRAM

The Office of Communications (OC) delivers information about U.S. Department of Agriculture (USDA) programs and policies to the American people. To achieve that objective, OC reports through various media and often directly to farmers, consumers, environmentalists, the business community and other interest groups regarding the Department's programs, policies and activities. The success of the Department's initiatives is aided by the effectiveness of communication and public education campaigns.

The following major program areas deliver the activities under this appropriation:

OC serves as the Department-level clearinghouse for current information about USDA's programs and policies in the form of news releases, video and photo features, background statements, speeches, report summaries, and similar materials.

In fiscal year 1994, OC disseminated 1,128 news releases and related items for national distribution, primarily through electronic dissemination and by facsimile to reach a broader audience with greater speed and accuracy. OC offers a fax-on-demand system, AgNewsFax, to facilitate easy public access to USDA program information and news releases.

PUBLIC AND MEDIA OUTREACH CENTER

The Office of Public and Media Outreach (OPMO) performs news planning, placement and public liaison duties for OC. The primary OPMO goal is to provide information about USDA's six mission areas--improving services to farmers and improving farm income; rural development; improving food quality and safety; food assistance and nutrition education; the environment and natural resources; and research, education and economics--to the public, media, constituent groups and USDA employees.

Media Outreach: OC plans and coordinates Department-wide announcements as well as provides information to targeted markets. OPMO brings all production areas into the communications planning to design the best news and information products. The Press Secretary and staff is a key part of the media outreach team.

Examples of targeted media outreach include linkage with the National Association of Farm Broadcasters, arranging radio news conferences and satellite tours with media representatives and USDA officials, and including minority media in all OPMO activities.

The OPMO staff prepares two daily editions of the electronic summary AG NEWS: "AG A.M." and "AG MID-DAY." These news digests summarize articles and editorials from news wires, national newspapers, news magazines and other key periodicals addressing issues affecting USDA's mission.

Constituent Outreach: On the public liaison side, the OPMO staff develops and maintains interaction with farm, trade, consumer associations, natural resources and environmental groups and with professional associations. OPMO plans and coordinates policy and educational briefings in Washington, D.C. and across the country for varied constituencies.

In working with a diverse range of constituents, OPMO acts as a clearinghouse to keep USDA

agencies apprised of issues and concerns voiced by stakeholders groups, many of whom have never before participated in USDA programs. To accomplish this goal, OPMO:

- has developed and maintains a comprehensive database of constituent groups.
- provides a monthly electronic summary, "Constituent and Consumer Comment," describing interest group opinion as articulated in their publications to give USDA officials constituent perspective on USDA policies.
- compiles and distributes a weekly electronic summary of USDA activities and policy announcements for constituents, "USDA THIS WEEK."

Other duties performed by Office of Public and Media Outreach include:

- managing and staffing a national USDA Visitor Center to inform the public about USDA's missions and services. The Center handled 57,114 telephone calls for information and assisted 3,307 visitors during fiscal year 1994. During the last quarter of the fiscal year, OC opened an expanded visitor Center which explains USDA's mission areas with information kiosks that integrate video, artifacts and photos of USDA's mission area.
- coordinating activities with USDA's partnership school, Van Ness Elementary School, in Southwest Washington. OPMO recruits and coordinates USDA employees who will work 2 hours a week with students at Van Ness. Last fiscal year, 94 USDA employees provided tutoring assistance.

Speechwriting -- Speechwriting is performed by a small staff who have primary responsibility for writing all speeches given by the Secretary and Deputy Secretary.

NATIONAL SERVICE

The USDA director of national service accomplished two major objectives in fiscal year 1994. First, USDA participated in a Corporation for National and Community Service "Summer of Safety" program in the city of Chicago. Second, in conjunction with various USDA agencies, the director developed and received approval from the Corporation for National and Community Service for a national service program for fiscal year 1995 consisting of 1,200 approved national service participants, making it the single largest program run by a Federal Department. There are 45 projects in 32 States working in three primary areas: anti-hunger, environment, and rural development. The program would result in the Corporation for National and Community Service awarding over \$5,600,000 in educational awards to the participants.

VIDEO, TELECONFERENCE, & RADIO CENTER

The Video, Teleconference and Radio Center worked on 551 video productions and related services in fiscal year 1994. Major video productions included such topics as fetal alcohol syndrome in pregnant women, USDA loans for minority farmers, forest fire prevention, watershed protection, computer training, food safety labels on meat, changes to federal crop insurance programs, and understanding scientific peer evaluation. The unit also produced live videoconferences and outreach forums on topics such as safe handling of meat and poultry, rural water quality, human resources management, use of the new government credit card, engineering information preparation, balancing work and family obligations, healthy kids initiatives, financial management, and environmental issues. Additionally, the unit handled 2,559 audio conferences on a wide variety of agricultural

subjects. Several video productions won awards in national and international competitions such as the Television Association Best Take Award and Council on International Nontheatrical Events Gold Screen Award.

Radio -- USDA's Radio Newslane provides 24-hour availability of seven to ten news items, many with voice actualities; each no longer than 60 seconds. The recorded messages are made available at 5:00 p.m. EST each weekday except holidays. Stations access the playback machines via telephone. Over 19,000 calls were received in fiscal year 1994. More than 2,000 stories were produced by staff during the period. Agricultural radio networks with up to 150 affiliated stations each are regular users of this service. In addition, ten features and a documentary are offered on audio cassette weekly. The cassette programs are distributed to approximately 750 stations and networks.

The radio staff received an honorable mention award for "Hurricane Andrew: The Victims" from the National Association of Government Communicators.

Television -- USDA Television News Service provides news actualities and news feature stories covering Department policy and programs. The service is distributed to commercial, cable and public television stations across the country by satellite (Galaxy 7) on Thursday afternoon and repeated on Monday morning. Subjects cover a wide range of topics, including agricultural research, rural development, nutrition, food safety, agricultural production and the USDA reorganization. Over 100 features and more than 250 actualities produced by the staff were aired in fiscal year 1994.

In addition to the regular service, USDA TV News Service produced and aired 14 special feeds during the year. These feeds included actualities and scenes from special events, news conferences and interviews on subjects such as GATT, rural development, crop insurance, Canadian wheat, and food safety.

Photography -- OC maintains an extensive centralized USDA Photo Library of captioned black/white prints and color slides. These images are the photo history of USDA's programs and activities. They cover all subjects relating to USDA programs. OC provides photographic research services and distributes photographs to the news media and to the public.

"Photojournalism" -- OC works with USDA agencies to develop and distribute to national, regional and local media, picture stories and photographic press releases to inform the public of USDA programs, activities, and services.

"Audio Visual Presentations" -- OC works with USDA agencies to produce and distribute narrated slide presentations on various agricultural topics and programs. These are available as slide sets or video cassettes to educational organizations, industry, and the public.

In fiscal year 1994, the Photography Center implemented the satellite linkup with Presslink, a world wide supplier of news and public affairs photographs to the media. It will enable us to send images around the world in minutes. Initial research in converting the Photographic Library to Kodak Photo CD has been completed, and tests to find a contractor for the conversion are under way. The new technology will be more efficient for both search and retrieval of images from the Photographic Library.

Design -- The Design Center is a Working Capital Fund operation that provides centralized design leadership and creative services by establishing and monitoring the visual standards of USDA. The Design Center maintains creative electronic studios, an exhibit fabrication shop and warehousing

facilities that offer complete planning, design, audience evaluation, production art, contracting and fabrication services. The Center's guiding principle is to provide appropriate visual materials for the Department's information programs to specific targeted audiences at reasonable costs. The services are provided to national, international, regional, State, and local USDA offices and other Government agencies when requested.

The Center's design professionals handle over 2,500 visual requests a year including: posters, publications, presentation materials, symbols, magazines, fact sheets, interactive computer elements, books, periodicals, manuals, pre-press electronic production and various specialty items.

In addition, the staff provides planning, interpretation, design, blueprints, written specifications, contract advice, site surveys, models, budgeting, fabrication, shipping and installation. Projects include: table top displays, traveling exhibits, trade shows, large scale permanent displays, visitor center interiors, office reception and sales areas, interpretive outdoor signage, special events and crisis information kiosks.

Printing -- During fiscal year 1994, the Printing Management Center instructed all offices to include the use of soy/vegetable based inks in specifications for all USDA printing. This was prior to the passing of legislation requiring all Government printing to use soy/vegetable based inks. Also, more than 85 percent of OC's printing is done on recycled papers, and USDA led Federal agencies in the use of soy/vegetable inks.

<u>Publications and Forms Printed</u>	<u>FY 1993</u>	<u>FY 1994</u>
Printing through main GPO or on contract	6,387	5 ,925
Miscellaneous orders through GPO's Rapid Response Center (RRC), GPO's Regional Printing Procurement Offices (RPO), and Federal Prison Industries (UNICOR)	1,193	1,125
*Composition (In-House USDA)	1,000	75
Printing through USDA Duplicating Facility (Office of Operations):		
Miscellaneous orders reviewed, cleared and processed for printing in USDA Facility	673	622
Waivers for jobs not presented to OC for clearance	<u>4,512</u>	<u>4,206</u>
Total Printing Orders	13,765	11,953

* The In-House Composition Function was eliminated in October 1993. All personnel were placed in other areas of OC.

COORDINATION AND REVIEW

OC's Coordination and Review Center includes the communications coordinators and an editorial review staff.

Each of the seven communication coordinators works directly with an Under or Assistant Secretary. A "desk" system of vertical coordination within the Under or Assistant Secretary's respective program mission areas, and horizontal coordination with the other coordinators and other units within OC enables them to coordinate information support in an effective manner. This "desk" system provides leadership in the development of communications strategies which are vital to the formulation, awareness and acceptance of U.S. Department of Agriculture programs and policies.

The editorial review staff, led by a senior public affairs officer, reviews and oversees the news and other printed and electronic information products of the Department for editorial content, design, and quality.

The review staff works closely with the communications coordinators to ensure the Department disseminates consistent and timely information to the public. The creation of the Coordination and Review Center has improved strategic communications planning and execution.

ADMINISTRATION

OC serves as USDA's central coordinating unit for the Freedom of Information Act (FOIA) and its amendments (Privacy Act and Computer Matching and Privacy Protection Act). Department regulations and guidelines are updated to conform with amendments to the law or new directives from the Department of Justice and Office of Management and Budget. The Data Integrity Board, required by the Computer Matching Act of 1988, is chaired by the Director of OC.

Computerized Information Delivery Service -- During fiscal year 1994, OC continued to offer its computerized information delivery service as an alternate means of accessing USDA information. This service includes national and regional press releases, economic and statistical reports, market reports, export trade leads, agricultural research briefs, and other information released by USDA.

Distribution -- In fiscal year 1994, publishing distribution handled 2,501 telephone calls for information/publications from Members of Congress.

Regulation Review -- In cooperation with representatives of Departmental agencies, OC reviewed and updated appropriate sections of its regulations to reflect the new OC, to comply with Executive Order 12861 which calls for a reduction of internal regulations by 50 percent, and to incorporate a customer service orientation.

Customer Service -- OC units have planned or are conducting a number of customer service efforts to comply with Executive Order 12862. Customers have been identified and customer service surveys have been conducted. Standards are being developed and applied, and services are being benchmarked. Customers are offered choices in both sources of service and means of delivery. Complaint systems are being made more readily accessible.

Government Performance and Results Act (GPRA) -- OC was selected as a test agency for GPRA. A strategic plan was produced for fiscal year 1994. It was reviewed by the Office of Management and Budget, and feedback was incorporated into OC's plan for fiscal year 1995.

EXECUTIVE OPERATIONS
OFFICE OF THE CHIEF ECONOMIST

EXPLANATORY STATEMENT

The Office of the Chief Economist (OCE) was created by the Secretary of Agriculture on October 20, 1994, under the authority of the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994, Public Law No. 103-354.

The OCE advises the Secretary of Agriculture on the economic implications of Department policies and programs and proposed legislation. The OCE serves as the single focal point for the Nation's economic intelligence and analysis, risk assessment, and cost-benefit analysis related to domestic and international food and agriculture, and is responsible for coordination and clearance review of all commodity and aggregate agricultural and food-related data used to develop outlook and situation material within the Department of Agriculture. The OCE's primary objective is to improve the consistency, objectivity and reliability of outlook and situation material developed in the Department.

Activities include policy and program analysis; information dissemination; market surveillance; coordination of assessments of international and domestic agricultural developments; improvement of forecasting techniques; and coordination of weather, climate and remote sensing activities; and development and implementation of regulations affecting agricultural labor.

The OCE is located in Washington, D.C. As of September 30, 1994, there were 37 full-time employees. The OCE consists of the former World Agricultural Outlook Board, Assistant Secretary for Economics, Economic Analysis Staff and the newly created Office of Risk Assessment and Cost-Benefit Analysis.

EXECUTIVE OPERATIONS
OFFICE OF THE CHIEF ECONOMIST

PERFORMANCE INDICATORS

	1994 <u>Actual</u>	1995 <u>Estimated</u>	1996 <u>Estimated</u>
<u>QCE</u> :			
Number of Reports.....	12	0	0
Number of Weather Summaries.....	52	0	0

EXECUTIVE OPERATIONS
OFFICE OF THE CHIEF ECONOMIST

Available Funds and Staff-Years

1994 Actual and Estimated 1995 and 1996

Item	1994 Actual	Staff- Years	1995 Estimated	Staff- Years	1996 Estimated	Staff- Years
Office of the Chief Economist.....	\$3,785,000:	42	\$3,814,000:	46	\$4,240,000	47
<u>Obligations under Other USDA:</u>						
<u>appropriations:</u>						
Economic Research Service:						
for Annual Outlook						
Conference.....	7,500:	--	15,000:	--	15,000	--
Cooperative State						
Research, Education and:						
Extension Service for						
Annual Outlook Conf....	5,000:	--	15,000:	--	15,000	--
Foreign Agricultural						
Service for Annual						
Outlook Conf.....	2,500:	--	15,000:	--	15,000	--
Farm Service Agency for						
Annual Outlook Conf....	--:	--	15,000:	--	15,000	--
Total, Other USDA						
Appropriations.....	15,000:	--	60,000:	--	60,000	--
Total, Agriculture						
Appropriations.....	3,800,000:	42	3,874,000:	46	4,300,000	47
Total, Office of the Chief						
Economist.....	3,800,000:	42	3,874,000:	46	4,300,000	47

EXECUTIVE OPERATIONS
OFFICE OF THE CHIEF ECONOMIST

Permanent Positions by Grade and Staff-Year Summary

1994 and Estimated 1995 and 1996

Grade	1994 Headquarters	1995 Headquarters	1996 Headquarters
ES-6.....	1	1	1
ES-5.....	1	1	1
ES-4.....	2	1	1
Senior Level.....	2	2	2
GS/GM-15.....	15	15	15
GS/GM-14.....	3	4	5
GS/GM-13.....	3	4	4
GS-12.....	4	5	5
GS-11.....	1	1	1
GS-10.....	2	2	2
GS-9.....	2	3	3
GS-8.....	1	1	1
GS-7.....	6	5	5
GS-6.....	1	1	1
Total Permanent Positions.....	44	46	47
Unfilled Position end-of-year.....	-2	--	--
Total, Permanent Employment, end-of-year.....	42	46	47
Staff-Years.....	42	46	47

EXECUTIVE OPERATIONS
OFFICE OF THE CHIEF ECONOMIST

CLASSIFICATION BY OBJECTS

1994 and Estimated 1995 and 1996

	<u>1994</u>	<u>1995</u>	<u>1996</u>
Personnel Compensation:			
Headquarters.....	\$2,521,009	\$2,671,000	\$2,981,000
Field.....	<u>--</u>	<u>--</u>	<u>--</u>
11 Total personnel compensation.....	2,521,009	2,671,000	2,981,000
12 Personnel benefits.....	<u>434,600</u>	<u>416,000</u>	<u>472,000</u>
Total personnel compensation and benefits.....	2,955,609	3,087,000	3,453,000
Other Objects:			
21 Travel.....	45,770	59,000	57,000
22 Transportation of things.....	693	4,000	4,000
23.3 Communications, utilities, and misc. charges.....	97,002	86,000	88,000
24 Printing and reproduction.....	21,865	37,000	37,000
25.2 Other services.....	216,251	308,000	368,000
25.3 Purchases of goods and services from Govt. accounts.....	78,685	65,000	65,000
26 Supplies and materials.....	55,090	72,000	72,000
31 Equipment.....	40,300	96,000	96,000
43 Interest and dividends.....	<u>38</u>	<u>--</u>	<u>--</u>
Total other objects.....	<u>555,694</u>	<u>727,000</u>	<u>787,000</u>
Total direct obligations...	<u>3,511,303</u>	<u>3,814,000</u>	<u>4,240,000</u>

Position Data:

Average Salary, ES positions.....	\$111,839	\$115,429	\$117,968
Average Salary, GS positions.....	\$42,003	\$44,795	\$45,780
Average Grade, GS positions.....	12.1	12.2	12.2

EXECUTIVE OPERATIONS

The estimates includes appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

CHIEF ECONOMIST

For necessary expenses of the Chief Economist, including economic analysis, risk assessment, cost benefit analysis, and the functions of the World Agricultural Outlook Board, as authorized by the Agricultural Marketing Act of 1946 (7 U.S.C. 1622g), \$4,240,000: Provided, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), of which not to exceed \$5,000 is for employment under 5 U.S.C. 3109.

The Secretary's Memorandum No. 1010-1, dated October 20, 1994, created the Executive Operations and established a Subcabinet Position, Chief Economist, under which the World Agricultural Outlook Board, Economic Analysis Staff, and the newly created Office of Risk Assessment and Cost-Benefit Analysis are assigned and financed. The Office of the Assistant Secretary for Economics was abolished and its funding, staff-years, and part of its functions were moved into the Chief Economist.

This language will create a separate amount under Executive Operations for the Chief Economist made up of the following offices which were previously financed under separate appropriations: The Economic Analysis Staff, World Agricultural Outlook Board, and the now abolished Office of the Assistant Secretary for Economics. This language also authorizes the Chief Economist to expend up to \$5,000 to hire consultants and temporary employees as needed to assist in carrying out the functions of the Office.

EXECUTIVE OPERATIONS
OFFICE OF THE CHIEF ECONOMIST

SALARIES AND EXPENSES

Appropriation Act, 1995.....	0
Budget Estimate, 1996	<u>\$4,240,000</u>
Increase in Appropriation	<u>4,240,000</u>

Adjustments in 1995:

Appropriations Act, 1995.....	0
Activities transferred from a/:	
ERS.....	\$388,000
NASS.....	388,000
WAOB.....	2,498,000
O/SEC.....	<u>540,000</u>
Adjusted base for 1996.....	3,814,000
Budget Estimate, 1996.....	<u>4,240,000</u>
Increase over adjusted 1995.....	<u>+426,000</u>

a/ Pursuant to Secretary's Memo No. 1010-1, on October 20, 1994, the OCE and its functions were transferred to this account from the ERS, NASS, WAOB, and the Office of the Assistant Secretary for Economics. Actual transfer of funds of \$3,814,000 are anticipated in 1995. On a comparable basis the full annual cost of the activity is \$3,814,000 for 1995.

Summary of Increase and Decreases
(On basis of adjusted appropriation)

<u>Item of Change</u>	<u>1995 Estimated</u>	<u>Program Changes</u>	<u>Pay Cost</u>	<u>Other Changes</u>	<u>1996 Estimated</u>
Annualization of FY 1995					
and FY 96 Pay Raise.....	--	--	+\$88,000	--	\$88,000
Non pay inflation.....	--	--	--	+\$17,000	17,000
Enhance Foreign Data and					
Analysis.....	--	--	--	+92,000	92,000
Administrative overhead					
reduction.....	--	--	--	-15,000	-15,000
Contracts and Agreements.....	--	--	--	+135,000	135,000
All Other.....	<u>\$3,814,000</u>	--	--	109,000	3,923,000
Total Available.....	<u>3,814,000</u>	--	+88,000	+338,000	<u>4,240,000</u>

Project Statement
(On basis of adjusted appropriation)

<u>Project</u>	<u>1994 Actual</u>	<u>Staff- Years</u>	<u>1995 Estimated</u>	<u>Staff- Years</u>	<u>Increase</u>	<u>1996 Estimated</u>	<u>Staff- Years</u>
	<u>Amount</u>		<u>Amount</u>			<u>Amount</u>	
Agricultural							
Outlook and							
Economic and							
Risk Analysis...	\$3,511,303	42	\$3,814,000	46	(1): +\$426,000	\$4,240,000	47
Unobligated							
balance.....	<u>273,697</u>		--		--	--	
Total Available:							
or estimate....	3,785,000	42	3,814,000	46	+426,000	4,240,000	47
Transfer from							
ERS, NASS, WAOB:							
and O/SEC.....	<u>-3,785,000</u>	42	<u>-3,814,000</u>	46			
Total							
appropriation..	<u>0</u>	--	<u>0</u>	--			

EXECUTIVE OPERATIONS
OFFICE OF THE CHIEF ECONOMIST

JUSTIFICATION OF INCREASES AND DECREASES

- (1) An increase of \$426,000 for Agricultural Outlook and Economic Analysis consisting of:

- (a) An increase of \$88,000 for pay costs which consists of \$7,000 for the annualization of the fiscal year 1995 pay raise and \$81,000 for the 2.2 percent fiscal year 1996 pay raise.
- (b) An increase of \$17,000 which reflects a 3.0 percent increase in non-salary costs.

These funds are necessary to offset increased operating costs. Continued absorption of these increased operating costs will severely affect the quality and quantity of our program.

This increase will be used to maintain a current level of services associated with inflation which will affect critical parts of the program.

- (c) An increase of \$109,000 for an additional position in the Office of the Chief Economist.

The newly created Office of the Chief Economist serves as the Secretary's chief advisors of the Department's policies and programs and proposed legislation. The office serves as the focal point for the Nation's economic intelligence and analysis, risk assessment and cost-benefit analysis related to domestic and international food and agriculture. The office is also responsible for the consistency, objectivity and reliability of outlook and situation materials developed in the Department. The increase will fund one additional staff year to meet the increased workload of this office.

- (d) An increase of \$92,000 to enhance Foreign Data and Analysis.

This increase would enable the Department to acquire economic and meteorological information and analyses from sources outside the Department. Resource redirections and reductions in other agencies represented on the Interagency Commodity Estimates Committees, which are chaired by the World Agricultural Outlook Board, are diminishing the Department's capacity to collect and analyze foreign information. Without timely and accurate agricultural intelligence regarding developed and emerging economies, the Department's commercial market development activities and humanitarian food assistance programs would be placed at a severe disadvantage.

WAOB would coordinate a USDA-wide effort to collect material from outside sources. Strong emphasis would be placed on gathering material from international organizations, universities, foreign governments, and selected private research organizations. Such material would include economic and meteorological data that is not now available. The information, whether in the form of data, its description, or its analysis, would be accessed via a variety of means including the Internet. Linkages between USDA and cooperating organizations would be strengthened as we promote data exchange, technology transfer, and information sharing.

- (e) A decrease of \$15,000 for administrative efficiency.

In support of the President's Executive Order to reduce overhead type outlays from the FY 1993 baseline, budget authority is reduced by \$15,000.

In order to achieve this savings, the Office of the Chief Economist will reduce discretionary expenses by \$15,000 in FY 1996 in such areas as travel, training, supply purchases, printing and reproduction costs, utility usage, and curtail its agreements with other Federal agencies.

- (f) An increase of \$135,000 to fund Office of Risk Assessment and Cost-Benefit Analysis (ORACBA) contracts and agreements.

This increase would fund ORACBA contracts and agreements related to risk assessment and cost-benefit analyses. Established in 1995, ORACBA was mandated by P.L. 103-354, "Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994". ORACBA coordinates and reviews all risk assessments and cost-benefit analyses prepared in the Department in support of major regulations whose primary purpose is to regulate issues of human health, human safety, or the environment, and publishes these assessments and analyses for the public. Assistance of non-USDA risk assessment professionals will be obtained to help establish appropriate principles and operating guidelines for Departmental risk assessments.

EXECUTIVE OPERATIONS
OFFICE OF THE CHIEF ECONOMIST

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1994 and Estimated 1995 and 1996

	<u>1994</u>		<u>1995</u>		<u>1996</u>	
	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>
District of Columbia	\$3,511,303	42	\$3,814,000	46	\$4,240,000	47
Unobligated Balance	<u>273,697</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Available						
or Estimate.....	<u>3,785,000</u>	<u>42</u>	<u>3,814,000</u>	<u>46</u>	<u>4,240,000</u>	<u>47</u>

OFFICE OF THE CHIEF ECONOMIST

STATUS OF PROGRAM

WORLD AGRICULTURAL OUTLOOK BOARD:

The World Agricultural Outlook Board (WAOB) coordinates and reviews for clearance all commodity and aggregate agricultural and food-related data used to develop outlook material within the U.S. Department of Agriculture. Prior to the creation of WAOB on June 3, 1977, agricultural outlook data were collected, analyzed and reported by several agencies in USDA. The Board's role is to coordinate and assure the accuracy, timeliness and objectivity of USDA's agricultural outlook analyses. The Board not only directs the compilation and review of critical economic intelligence data, it also makes sure that essential information quickly reaches policy makers and the public, especially the U.S. farmer.

Current Activities: WAOB functions include: coordination of USDA forecasts of domestic and international agricultural developments; market and agricultural weather surveillance; coordination of weather, climate and remote sensing research activities; and information dissemination. The WAOB presents weekly briefings of significant agricultural developments to the Secretary and other top officials, supplemented by a daily market intelligence report.

Selected Examples of Recent Progress: As a part of USDA's ongoing economic information program, the WAOB continued to publish the monthly World Agricultural Supply and Demand Estimates (WASDE) report, which provides projections of world and U.S. supply and utilization data for grains, soybeans and cotton; and U.S. estimates for sugar, red meat, poultry, eggs and milk. The report also includes forecast reliability tables for selected commodities and parameters.

In the past year, the WAOB helped to bring about changes in the Department's forecasting program in response to public demand, industry needs and quality initiatives. Responding to requests from futures exchanges and others in agriculture, Secretary Espy advanced the release time for key USDA crop forecasts to 8:30 a.m. from 3:00 p.m. Eastern Time for a one-year trial period. The earlier time allows U.S. commodity markets and farmers to react before overseas markets open. In less than three months' time, the WAOB and the National Agricultural Statistics Service (NASS) revised their procedures, alerted the public and inaugurated the first early-morning release of the WASDE and Crop Production reports on May 10, 1994. The changeover occurred smoothly, with no compromise in security procedures or loss of public confidence in the integrity of USDA forecasts.

With the May 1994 issue, the WASDE report was reorganized to make it easier to find key forecasts, and a number of tables were redesigned for greater usefulness. Rapeseed and sunflowerseed supply and use forecasts were added in view of recent interest in vegetable oil exports and related export programs. Also, the first "out year" WASDE projections for U.S. livestock were advanced from August to May.

Liaison with the Commodity Futures Trading Commission (CFTC) continued under a formal CFTC-USDA agreement to ensure that the futures markets best serve the interests of both farmers and consumers.

With responsibility for chairing all Interagency Commodity Estimates Committees (ICEC's), the WAOB continued to further advance and focus USDA's economic information system.

To improve USDA's longer-term commodity supply and demand and farm sector projections, which underlie the Department's budget planning for certain programs, WAOB directed the activities of the Interagency Agricultural Projections Committee (IAPC).

Responding to a growing interest for long-term projections, the WAOB, as coordinator of the IAPC, last fall released for the first time long-term "baseline" commodity projections focusing on domestic supply and demand. A companion international baseline was released by the Economic Research Service (ERS) with WAOB assistance, in the fall of 1994.

The growing importance of strategic planning is also evident in a new look for USDA's 70-year-old agricultural outlook conference. After consultations with conference attendees, Extension personnel and other stakeholders, the conference was redesigned as a forum on the long-term trends that will shape agriculture's future. Formerly a fall event, the first agricultural outlook forum is planned for February 22 and 23, 1995, when a new set of USDA long-term baseline projections will be available for discussion.

WAOB acted to make the WASDE report quickly accessible by computer and fax to a wide range of users, especially individuals and smaller firms. Linkage to the worldwide Internet via FTS 2000 has greatly increased the efficiency with which the weekly International Weather and Crop Summary and the Weekly Weather and Crop Bulletin are disseminated. The system also allows faxing the report if the user has only this facility. WAOB also revised its clearance procedures to accommodate release of ERS Monthly Update reports via electronic media within tight deadlines. The new reports are easily accessible to a broad range of outlook users and serve as timely supplements to the monthly WASDE report.

Responding to a government-wide customer service initiative, the WAOB developed a long-range customer service plan for systematic feedback from both clientele and employees. The WAOB, ERS and NASS jointly published customer service standards that explain the level of service the public can expect when they call or write to USDA for help in locating farm statistics or technical reports.

The Joint Agricultural Weather Facility (JAWF), operated by the WAOB and the National Oceanic and Atmospheric Administration (NOAA), in cooperation with NASS, published the Weekly Weather and Crop Bulletin. The JAWF continued to monitor and interpret significant global weather developments and their implications for agriculture. During fiscal year 1994, the JAWF has obtained access to NOAA's complete catalog of data products using the Internet. Similarly, all of NOAA's National Weather Service analysts now have access to USDA's global crop and weather statistics.

Monitoring and analyzing global commodity markets to facilitate accurate and timely outlook reporting and policy appraisals remains WAOB's primary focus. WAOB continued to provide policy makers and the public with early and frequent assessments of how crops here and abroad were likely be affected by weather developments.

In July 1994, the WASDE report, which projects U.S. crop production early in the season, signaled that a bumper corn crop was in the making, contrary to market fears of possible drought. Prior to 1994, USDA had never raised yields in July from the May-June trend yields. However, this past year USDA crop condition and weather-based models pegged yields significantly above trend. The move minimized the market impact in August when NASS forecast corn yields 6 bushels per acre above trend, based on field surveys.

JAWF staff provided early alerts and special analyses of the impact of Tropical Storm Alberto on southeastern U.S. agriculture. Vigilant coverage of Australian drought, Indian monsoon, crop-weather conditions in the former Soviet Union, erratic European weather and general U.S. weather conditions were routinely provided to the Office of the Secretary and USDA commodity analysts. Charts summarizing U.S. crop conditions reports were prepared each week.

WAOB commodity specialists participated in numerous interagency analyses related to the North American Free Trade Agreement and Uruguay Round of the General Agreement on Tariffs and Trade. The results of the assessments were provided to U.S. negotiators.

WAOB/JAWF provided detailed weather data and climate statistics that helped a USDA negotiating team successfully resolve the TCK wheat disease issue with China.

Interagency Commodity Estimates Committees (ICEC's), which are chaired by the Board, prepared independent analyses of the impact of the expanding imports of wheat and barley on domestic prices and deficiency payments as USDA Task Forces considered possible Section 22 actions for these commodities. Based on the ICEC's wheat analysis, the International Trade Commission recommended to the President that wheat imports be restricted because imports of wheat from Canada were materially interfering with the U.S. price support program. The barley analysis was submitted to the Under Secretary for International Affairs and Commodity Programs and awaits further action.

WAOB worked closely with NASS and the rice industry to organize a new NASS-sponsored survey to collect data on the quantity of rice milled each year.

WAOB prepared a proposal for the Deputy Under Secretary for International Affairs and Commodity Programs to share data and meteorological expertise with counterparts in South Africa in order to improve quality and timeliness of meteorological information available to small farmers. Data and technologies would be shared both ways, potentially yielding benefits to the United States as well.

WAOB's Remote Sensing Coordinator facilitated information exchanges on remote sensing projects and activities among USDA agencies to avoid duplication of efforts and ensure optimum use of resources. Better interchange among agencies and the private sector has resulted in sharing of data and resources and the avoidance of unnecessary costs.

WAOB coordinated USDA's contribution to the annual Aeronautics and Space Report of the President: Fiscal Year 1993 Activities. This recurring project requires contact with and solicitation of significant achievements from the agencies that are dominant in remote sensing.

WAOB led the Department's effort to develop a memorandum of agreement with the Department of Defense that resulted in access to global positioning systems data previously off-limits to civilian users. Use of this technology will enable six agencies to increase the accuracy and timeliness of data used to carry out program operations, conduct research, and produce information products and services.

WAOB coordinated a memorandum of agreement between USDA remote sensing agencies and the U.S. Geological Society (USGS) and provided financial assistance to help support establishment of two work stations at the Reston, Virginia USGS facility. This activity will enable USDA to process and analyze classified imagery.

WAOB's supervisory agricultural meteorologist served as chairperson of the World Meteorological Organization (WMO) working group on agrometeorological data management. The working group was comprised of members from Canada, Russia, Argentina, Benin, and the Food and Agricultural Organization of the United Nations. WAOB prepared the final report to the Commission on Agricultural Meteorology. In addition, JAWF meteorologists provided an agricultural weather review section to the WMO's Fifth Biennial Review of the Global Climate System.

WAOB revised "Major World Crop Areas and Climatic Profiles", a very popular reference bulletin first published in 1981 and revised in 1987. The new 300-page report greatly expands country and commodity coverage and includes additional climatic detail.

EXECUTIVE OPERATIONS
NATIONAL APPEALS DIVISION

EXPLANATORY STATEMENT

The National Appeals Division (NAD) was established by the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994 (Public Law No. 103-354). The law requires the consolidation of the administrative appeal functions and appeals staffs of the former Farmers Home Administration (FmHA), Agricultural Stabilization and Conservation Service (ASCS), Soil Conservation Service (SCS), and Federal Crop Insurance Corporation (FCIC). These agencies were succeeded by the Rural Housing and Community Development Service (RHCDS), the Natural Resources Conservation Service (NRCS), and the Consolidated Farm Service Agency (CFSA). NAD is responsible to the Secretary for the development, implementation and monitoring of a fair and impartial administrative appeals process. It conducts administrative hearings and review of adverse program decisions made by RHCDS, NRCS, and CFSA.

Participants (appellants) have the right to appeal adverse decisions and to request an evidentiary hearing with a NAD hearing officer in their State of residence. After a determination is made by the hearing officer, both the appellant and the affected agency head have the right to request a review of the hearing officer's determination by the NAD Director, who then issues a final determination. Final determinations are reviewable and enforceable by the United States district court.

Geographic dispersion - NAD did not exist in fiscal year 1994, so the following geographic dispersion is a compilation of the CFSA and RHCDS appeals as they existed. NRCS is not represented because they had no one assigned to full-time appeal duties.

<u>Location of Offices</u>		<u>Full-Time Permanent Employees</u>
Headquarters:	CFSA (former ASCS) Washington, DC	19
	CFSA (former FCIC) Washington, DC	12
	RHCDS (former FmHA) Alexandria, VA	17
RHCDS Eastern Area Office:	Indianapolis, IN 22 Eastern Area field offices	7 27
RHCDS Southern Area Office	Memphis TN 23 Southern Area field offices	5 30
RHCDS Western Area Office:	Golden, CO 20 Western Area field offices	6 <u>22</u>
Total Full-Time Employees		145

OIG Audits: #04099-337-AT - Survey of National Appeals Staff Activities - Audit in progress
#04600-013-AT - FMHA Admin. Appeal Procedures - 3/27/91 report issued - still open

EXECUTIVE OPERATIONS
NATIONAL APPEALS DIVISION

Available Funds and Staff-Years

1994 Actual and Estimated, 1995 and 1996

Item	1994 Actual		1995 Estimated		1996 Estimated	
	Amount	Staff- Years	Amount	Staff- Years	Amount	Staff- Years
Direct Appropriation:	\$11,651,000	151	\$11,846,000	145	\$12,166,000	145

Permanent Positions by Grade and Staff-Year Summary

1994 and Estimated 1995 and 1996

Grade	1994			1995			1996		
	Wash, DC	Field	Total	Wash, DC	Field	Total	Wash, DC	Field	Total
ES-2.....	0	0	0	1	0	1	1	0	1
ES-1.....	0	0	0	1	0	1	1	0	1
GS-15.....	3	0	3	3	0	3	3	0	3
GS-14.....	7	0	7	5	0	5	5	0	5
GS-13.....	23	3	26	20	3	23	20	3	23
GS-12.....	2	87	89	2	85	87	2	85	87
GS-11.....	1	0	1	1	0	1	1	0	1
GS-9.....	1	0	1	2	0	2	2	0	2
GS-8.....	1	0	1	3	0	3	3	0	3
GS-7.....	2	5	7	0	5	5	0	5	5
GS-6.....	8	1	9	7	1	8	7	1	8
GS-5.....	1	2	3	3	3	6	3	3	6
GS-4.....	1	2	3	0	0	0	0	0	0
GS-3.....	1	0	1	0	0	0	0	0	0
Total, Permanent Positions.....	51	100	151	48	97	145	48	97	145
Unfilled Positions end-of-year.....	-3	-3	-6	0	0	0	0	0	0
Total, Permanent Employment, end-of-year.....	48	97	145	48	97	145	48	97	145
Staff-Year Ceiling.....	51	100	151	48	97	145	48	97	145

EXECUTIVE OPERATIONS
NATIONAL APPEALS DIVISION
CLASSIFICATION BY OBJECTS
1994 and Estimated 1995 and 1996

	<u>1994</u>	<u>1995</u>	<u>1996</u>
Personnel Compensation:			
Washington, D.C.....	\$2,565,000	\$2,567,000	\$2,624,000
Field.....	<u>4,524,000</u>	<u>4,436,000</u>	<u>4,600,000</u>
11 Total personnel compensation.....	7,089,000	7,003,000	7,224,000
12 Personnel benefits.....	1,585,000	1,594,000	1,657,000
13 Benefits for former personnel	<u>9,000</u>	<u>195,000</u>	<u>10,000</u>
Total personnel compensation & benefits....	<u>8,683,000</u>	<u>8,792,000</u>	<u>8,891,000</u>
Other Objects:			
21 Travel.....	841,000	733,000	834,000
22 Transportation of things.....	32,000	29,000	29,000
23.2 Rent paid to others.....	376,000	522,000	537,000
23.3 Communications, utilities, and misc. charges.....	486,000	672,000	691,000
24 Printing and reproduction.....	53,000	58,000	60,000
25.1 Consulting services.....	38,000	34,000	40,000
25.2 Other services.....	589,000	706,000	779,000
25.3 Purchases of goods and services.....	265,000	183,000	185,000
26 Supplies and materials.....	104,000	64,000	66,000
31 Equipment.....	183,000	49,000	50,000
42 Insurance claims.....	<u>1,000</u>	<u>4,000</u>	<u>4,000</u>
Total other objects.....	<u>2,968,000</u>	<u>3,054,000</u>	<u>3,275,000</u>
Total direct obligations.....	<u>11,651,000</u>	<u>11,846,000</u>	<u>12,166,000</u>
<u>Position Data:</u>			
Average Salary, ES positions.....	--	\$100,500	\$102,500
Average Salary, GS positions.....	\$46,947	\$47,566	\$49,084
Average Grade, GS positions.....	11.32	11.36	11.36

EXECUTIVE OPERATIONS
NATIONAL APPEALS DIVISION

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

For necessary expenses of the National Appeals Division, including employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), of which not to exceed \$25,000 is for employment under 5 U.S.C. 3109, \$12,166,000.

The Secretary's Memorandum No. 1010-1, dated October 20, 1994, created Executive Operations and established the National Appeals Division. The Division has responsibility for all administrative appeals previously handled by the National Appeals Division of the former Agricultural Stabilization and Conservation Service and by the National Appeals Staff of the former Farmers Home Administration, and those that arose from decisions by the former Federal Crop Insurance Corporation and the former Soil Conservation Service.

The language will create a separate amount under the Executive Operations appropriation for the National Appeals Division made up of the following national appeals offices which were previously financed under separate appropriations in the following agencies: Consolidated Farm Service Agency, Rural Housing and Community Development Service, and the Natural Resources Conservation Service.

This language also authorizes the Director of the National Appeals Division to expend up to \$25,000 to hire consultants and temporary employees as needed to assist in carrying out the appeals functions.

EXECUTIVE OPERATIONS
NATIONAL APPEALS DIVISION

Appropriations Act, 1995.....	0
Budget Estimate, 1996.....	<u>\$12,166,000</u>
Increase in Appropriation.....	<u>+12,166,000</u>

Adjustments in 1995:

Appropriations Act, 1995.....	0	
Function transferred from Rural Housing and Community Development Service (formerly FmHA).....	+\$9,748,000	
Function transferred from Consolidated Farm Service Agency (formerly ASCS) a/.....	+1,355,000	
Function transferred from Consolidated Farm Service Agency (formerly FCIC) a/.....	+593,000	
Function transferred from Natural Resources Conservation Service (formerly SCS) a/.....	<u>+150,000</u>	
Adjusted base for 1995.....		11,846,000
Budget Estimate, 1996.....		<u>12,166,000</u>
Increase over adjusted 1995.....		<u>+320,000</u>

a/ Pursuant to the Secretary's Memorandum No. 1010-1, dated October 20, 1994, all functions regarding administrative appeals previously handled by the National Appeals Division of the former Agricultural Stabilization and Conservation Service (ASCS) and by the National Appeals Staff of the former Farmers Home Administration (FmHA), and those that arose from decisions by the former Federal Crop Insurance Corporation (FCIC) and the former Soil Conservation Service (SCS) were transferred to this account. On a comparable basis, the full annual cost of the activity for fiscal year 1995 is \$9,748,000 from RHCDS (formerly FmHA), \$1,355,000 from CFSA (formerly ASCS), \$593,000 from CFSA (formerly FCIC), and \$150,000 from NRCS (formerly SCS).

SUMMARY OF INCREASES AND DECREASES

(on basis of adjusted appropriation)

<u>Item of Change</u>	<u>1995 Estimated</u>	<u>Program Change</u>	<u>Pay Cost</u>	<u>Other Changes</u>	<u>1996 Estimated</u>
National Appeals Division.....	\$11,846,000	+\$0	+\$163,000	+\$157,000	\$12,166,000

EXECUTIVE OPERATIONS
NATIONAL APPEALS DIVISION

PROJECT STATEMENT
(On basis of adjusted appropriation)

	1994 Actual		1995 Estimated		Increase or Decrease	1996 Estimated	
	Amount	Staff- Years	Amount	Staff- Years		Amount	Staff- Years
National Appeals Div.....	\$11,651,000	151	\$11,846,000	145	+\$320,000(1)	\$12,166,000	145
Unobligated balance.....	--	--					
Total Available or estimate.....	11,651,000	151	11,846,000	145	+320,000(1)	12,166,000	145
Transferred from RHCDS (FmHA).....	-9,614,000	-120	-9,748,000	113			
Transferred from CFSA (ASCS).	-1,282,000	-20	-1,355,000	-20			
Transferred from CFSA (FCIC)..	-610,000	-9	-593,000	-10			
Transferred from NRCS (SCS)...	-145,000	-2	-150,000	-2			
Total Appropriation.	0	0	0	0			

JUSTIFICATION OF INCREASES AND DECREASE

A net increase of \$320,000 consisting of:

- (a) An increase of \$163,000 including \$21,000 for annualization of the fiscal year 1995 pay raise and \$142,000 for the anticipated pay raise in fiscal year 1996.
- (b) An increase of \$121,000 including \$31,000 for one extra day's pay in fiscal year 1996, and \$90,000 for within grade increases and other salary adjustments.
- (c) An increase of \$99,000 which reflects a 3.0 percent increase in non-salary operating costs.
- (d) A decrease of \$63,000 for administrative efficiency.

In support of the Secretary's streamlining effort and the President's Executive Order to reduce overhead-type costs from the FY 1993 baseline, budget authority is reduced by \$63,000. In order to achieve these savings, NAD will reduce discretionary expenses, such as travel, training, printing and reproduction costs.

EXECUTIVE OPERATIONS
NATIONAL APPEALS DIVISION
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1994 and Estimated 1995 and 1996

	1994		1995		1996	
	<u>Amount</u>	<u>Staff-Years</u>	<u>Amount</u>	<u>Staff-Years</u>	<u>Amount</u>	<u>Staff-Years</u>
Alabama.....	\$240,354	3	\$268,294	3	\$272,721	3
Arizona.....	80,118	1	89,432	1	90,907	1
Arkansas.....	320,472	4	357,728	4	363,628	4
California.....	80,118	1	89,432	1	90,907	1
Colorado.....	721,062	9	715,456	8	727,256	8
Connecticut.....	80,118	1	89,432	1	90,907	1
Delaware.....	80,118	1	89,432	1	90,907	1
Florida.....	320,472	4	357,728	4	363,628	4
Georgia.....	320,472	4	357,728	4	363,628	4
Idaho.....	80,118	1	89,432	1	90,907	1
Illinois.....	80,118	1	89,432	1	90,907	1
Indiana.....	801,180	10	804,888	9	818,163	9
Iowa.....	240,354	3	268,294	3	272,721	3
Kentucky.....	160,236	2	178,864	2	181,814	2
Louisiana.....	240,354	3	268,294	3	272,721	3
Massachusetts.....	80,118	1	89,432	1	90,907	1
Michigan.....	80,118	1	89,432	1	90,907	1
Minnesota.....	320,472	4	357,728	4	363,628	4
Mississippi.....	320,472	4	357,728	4	363,628	4
Missouri.....	240,354	3	268,294	3	272,721	3
Nebraska.....	160,236	2	178,864	2	181,814	2
New York.....	80,118	1	89,432	1	90,907	1
North Carolina.....	320,472	4	357,728	4	363,628	4
North Dakota.....	320,472	4	357,728	4	363,628	4
Ohio.....	160,236	2	178,864	2	181,814	2
Oklahoma.....	240,354	3	268,294	3	272,721	3
Oregon.....	80,118	1	89,432	1	90,907	1
Pennsylvania.....	80,118	1	89,432	1	90,907	1
South Carolina.....	80,118	1	89,432	1	90,907	1
South Dakota.....	80,118	1	89,432	1	90,907	1
Tennessee.....	801,180	10	804,888	9	818,163	9
Texas.....	320,472	4	357,728	4	363,628	4
Virginia.....	160,236	2	178,864	2	181,814	2
Washington.....	80,118	1	89,432	1	90,907	1
West Virginia.....	80,118	1	89,432	1	90,907	1
Wisconsin.....	80,118	1	89,432	1	90,907	1
National Office.....	3,639,200	51	3,171,106	48	3,348,021	48
Total, Available or Estimate.....	11,651,000	151	11,846,000	145	12,166,000	145

EXECUTIVE OPERATIONS
NATIONAL APPEALS DIVISION
STATUS OF PROGRAM

In fiscal year 1994 appeals activities now assigned to the National Appeals Division (NAD) were carried out by separate appeals staffs within the Agricultural Stabilization and Conservation Service (ASCS), Federal Crop Insurance Corporation (FCIC), Farmers Home Administration (FmHA) and Soil Conservation Service (SCS). The FmHA appeals staff was geographically dispersed with hearing officers in almost every State, while the ASCS and FCIC appeals staffs were located at the National Office level. SCS did not have any personnel assigned full-time to the appeals function. The Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994 (Public Law No. 103-354), signed by the President on October 13, 1994, created the NAD, which reports directly to the Secretary of Agriculture.

Current Activities:

NAD conducts administrative hearings and review of adverse program decisions made by the Farm Service Agency, National Resources Conservation Service, and Rural Housing and Community Development service. Participants (appellants) have the right to appeal adverse decisions and have an evidentiary hearing with a NAD hearing officer in their State of residence. After a determination is made by a hearing officer, both the appellant and the affected agency head have the right to request a review of the hearing officer's determination by the NAD Director, who can issue a final determination. Final determinations are reviewable and enforceable by any United States district court.

In fiscal year 1994 NAD did not exist. Currently NAD national office personnel are still in three different locations (the Old ASCS, FCIC, and FmHA appeals staffs) continuing to specialize in their areas of expertise, but now operating with a common direction from the Acting Director of NAD. The NAD field staff hold hearings for the FmHA program areas and are now beginning to hold hearings for the ASCS, FCIC and SCS program areas.

Selected Examples of Recent Progress:

The FmHA appeals staff had a national training meeting early in 1994 and received other training throughout the year, most notably at the National Judicial College.

FmHA decision formats were modified to make decisions clearer and more in line with decisions issued by other administrative law organizations.

From January through June 1994, the ASCS appeals staff handled 975 appeal cases at the National level; the FCIC appeals staff handled 600 cases in fiscal year 1994; and the FmHA appeals staff handled 8,396 cases.

During fiscal year 1994 planning began on the formation of NAD. Contacts among ASCS, FCIC, FmHA and SCS were made and information on current ways of handling appeals was exchanged.

EXECUTIVE OPERATIONS
OFFICE OF BUDGET AND PROGRAM ANALYSIS

EXPLANATORY STATEMENT

The Office of Budget and Program Analysis (OBPA) was established in June 1981. Its predecessor organization was established on July 8, 1922, (Secretary's Memorandum No. 389), under the provisions of the Budget and Accounting Act of 1921, which designated that a Budget Officer was to have charge of preparation of estimates and other appropriations for the Department. The agency's current major activities consist of coordinating the preparation of the Department's budget estimates, legislative reports and regulations.

The Office of Budget and Program Analysis provides direction and administration of the Department's budgetary functions including development, presentation, and administration of the budget; reviews program and legislative proposals for program and budget and related implications; analyzes program and resource issues and alternatives, and prepares summaries of pertinent data to aid Departmental policy officials and agency program managers in the decision-making process; provides Departmentwide coordination for and participation in the presentation of budget related matters to the Committees of the Congress, the news media, and the public.

The Office also provides Departmentwide coordination of the preparation and processing of the legislative program and legislative reports; provides Departmentwide coordination and processing of regulations; and aids the Secretary and other Departmental agency officials in making management decisions regarding the Department's programs and resources.

The Office of Budget and Program Analysis is located in Washington, D.C. As of September 30, 1994, there were 67 full-time permanent employees and 3 other than full-time permanent employees.

OBPA did not have any Office of Inspector General or General Accounting Office evaluation reports during the past year.

EXECUTIVE OPERATIONS
OFFICE OF BUDGET AND PROGRAM ANALYSIS

Available Funds and Staff-Years

1994 Actual and Estimated, 1995 and 1996

Item	1994 Actual		1995 Estimated		1996 Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Direct Appropriation:	\$5,881,000	72	\$5,795,000	74	\$5,899,000	74

EXECUTIVE OPERATIONS
OFFICE OF BUDGET AND PROGRAM ANALYSIS

Permanent Positions by Grade and Staff-Year Summary

1994 and Estimated 1995 and 1996

Grade	1994	1995	1996
	Washington, DC	Washington, DC	Washington, DC
ES-6.....	3	3	3
ES-1.....	1	1	1
GS-15.....	9	9	9
GS-14.....	15	15	15
GS-13.....	17	17	17
GS-12.....	5	5	5
GS-11.....	3	4	4
GS-10.....	1	1	1
GS-9.....	4	4	4
GS-8.....	5	5	5
GS-7.....	9	9	9
GS-5.....	2	1	1
Total Permanent Positions.....	74	74	74
Unfilled Positions end-of-year.....	-7	--	--
Total, Permanent Employment, end-of-year.....	67	74	74
Staff-Year Ceiling.....	72	74	74

EXECUTIVE OPERATIONS

OFFICE OF BUDGET AND PROGRAM ANALYSIS
CLASSIFICATION BY OBJECTS
1994 and Estimated 1995 and 1996

	<u>1994</u>	<u>1995</u>	<u>1996</u>
Personnel Compensation:			
Washington, D.C.....	<u>4,248,020</u>	<u>4,537,000</u>	<u>4,627,000</u>
11 Total personnel compensation.....	\$4,248,020	\$4,537,000	\$4,627,000
12 Personnel benefits.....	645,331	712,000	726,000
13 Benefits for former personnel.....	<u>120,000</u>	<u>0</u>	<u>0</u>
Total personnel compensation & benefits....	<u>5,013,351</u>	<u>5,249,000</u>	<u>5,353,000</u>
Other Objects:			
21 Travel.....	21,155	12,000	12,000
22 Transportation of things.....	11	0	0
23.3 Communications, utilities, and misc. charges.....	75,749	89,000	90,000
24 Printing and reproduction.....	87,088	81,000	82,000
25.2 Other services.....	131,909	243,000	242,000
26 Supplies and materials.....	95,452	82,000	80,000
31 Equipment.....	<u>160,649</u>	<u>39,000</u>	<u>40,000</u>
Total other objects.....	<u>572,013</u>	<u>546,000</u>	<u>546,000</u>
Total direct obligations.....	<u>5,585,364</u>	<u>5,795,000</u>	<u>5,899,000</u>
<u>Position Data:</u>			
Average Salary, ES positions.....	119,371	116,029	118,409
Average Salary, GS positions.....	60,780	58,184	59,334
Average Grade, GS positions.....	12.06	11.77	11.77

EXECUTIVE OPERATIONS

OFFICE OF BUDGET AND PROGRAM ANALYSIS

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

For necessary expenses of the Office of Budget and Program Analysis, including employment pursuant to the second sentence of section 706(a) of the Organic Act of 1994 (7 U.S.C. 2225), of which not to exceed \$5,000 is for employment under 5 U.S.C. 3109, [\$5,795,000] \$5,899,000.

EXECUTIVE OPERATIONS
OFFICE OF BUDGET AND PROGRAM ANALYSIS

Appropriations Act, 1995.....	\$5,795,000
Budget Estimate, 1996.....	<u>5,899,000</u>
Increase in Appropriation.....	<u>+104,000</u>

SUMMARY OF INCREASES AND DECREASES
(on basis of appropriation)

<u>Item of Change</u>	<u>1995 Estimated</u>	<u>Program Changes</u>	<u>Pay Cost</u>	<u>Other Changes</u>	<u>1996 Estimated</u>
Budget and Program Analysis.....	\$5,795,000	+\$0	+\$104,000	+\$0	\$5,899,000

PROJECT STATEMENT
(On basis of appropriation)

	1994 Actual		1995 Estimated		Increase or Decrease	1996 Estimated	
	Amount	Staff- Years	Amount	Staff- Years		Amount	Staff- Years
Budget and Program Analysis.....	\$5,585,364	72	\$5,795,000	74	+\$104,000(1)	\$5,899,000	74
Unobligated balance.....	295,636		--	--		--	--
Total, Appropriated.	5,881,000	72	5,795,000	74	+104,000(1)	5,899,000	74

JUSTIFICATION OF INCREASES AND DECREASE

(1) A net increase of \$104,000 for budget and program analysis, consisting of:

- (a) A total increase of \$104,000 for pay costs which consists of \$18,000 for the annualization of the 1995 pay raise and \$86,000 for the 1996 pay raise.
- (b) An increase of \$20,000 which reflects a 3.0 percent increase in non-salary costs.
- (c) A decrease of \$20,000 for administrative efficiency.

In support of the Secretary's streamlining efforts and the President's Executive Order to reduce overhead-type costs from the fiscal year 1993 baseline, budget authority is reduced by \$20,000. In order to achieve this savings, OBPA will reduce discretionary expenses by \$20,000 in fiscal year 1996, in such areas as training, printing and reproduction costs and telephone usage.

Executive Operations
Office of Budget and Program Analysis
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1994 and Estimated 1995 and 1996

	1994		1995		1996	
	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>
District of Columbia.....	\$5,585,364	72	\$5,795,000	74	\$5,899,000	74
Unobligated Balance.....	295,636	--	--	--	--	--
Total, Available or Estimate.....	5,881,000	72	5,795,000	74	5,899,000	74

OFFICE OF BUDGET AND PROGRAM ANALYSIS

STATUS OF PROGRAM

The Office of Budget and Program Analysis (OBPA) coordinates the preparation of departmental budget estimates and legislative reports; administers systems for the allotment and apportionment of funds; provides policy, program and budgetary analysis of United States Department of Agriculture (USDA) programs and proposals; and provides staff assistance to USDA agencies in meeting their responsibilities for the development and review of regulations.

In carrying out these responsibilities, OBPA assists the Secretary, Deputy Secretary, and other policy officials of the Department in the development, presentation, execution, and monitoring of the Department's budget. OBPA provides general oversight, review, and analysis related to alternative policies and resource levels. OBPA represents the Department at meetings and hearings with Congressional Committees, the Office of Management and Budget (OMB), the General Accounting Office (GAO), the Department of Treasury and others on matters related to the Department's budget, legislative and regulatory programs.

Current Activities:Development and Presentation of the USDA Budget

- Reviews and analyzes agency budget estimates and develops alternatives and supporting data for the Secretary.
- Consolidates materials for the budget submitted to OMB. Serves as liaison with OMB staff during their review of the Budget Estimates.
- Prepares Departmentwide budgetary statements and summaries.
- Coordinates and prepares supporting justifications for budget requests to be presented to the Appropriations Committees.
- Serves as liaison with the Appropriations Committees and their staffs for the purpose of scheduling hearings, reviewing transcripts, and answering questions concerning USDA programs.
- Prepares and consolidates information requested by the appropriations, authorizing, and budget committees, and the Congressional Budget Office (CBO), including special budgetary analyses, reports, and appropriations hearings materials.

Management of USDA Funds and Staff-Years

- Issues allotments and apportionments which allocate funds in accordance with laws, regulations, and the requirements of the Executive Branch and Congress.
- Monitors and analyzes the Department's use of staff-year resources.

Program Analysis

- Coordinates and/or conducts policy and program analyses and other reviews to assist agency and senior policy officials in formulating and implementing USDA policies and programs.
- Reviews and analyzes legislation, regulations, and policy options to determine their impact on USDA programs and policy objectives and on the Department's budget.
- Monitors ongoing studies with significant program or policy implications and periodically publishes the USDA Study Agenda which provides the current status of each study.

Coordination of Regulatory Decisions

- Reviews and assists in development of regulations and impact analyses used in regulatory decision making.
- Maintains the Regulatory Tracking System to inform senior policy officials of the status of proposed regulations.
- Coordinates and assists in preparation of the USDA portion of OMB's Regulatory Program and the Regulatory Agenda.
- Maintains liaison with OMB, other Federal agencies and the Congress on the review of rules.

Coordination of Legislative Proposals and Reports

- Coordinates and assists in the preparation of bills, resolutions, reports and other legislative materials for submission to Congress.
- Compiles and produces the USDA Legislative Program which lists pending Administration proposals by subject areas.
- Maintains the Legislative Reports Tracking System to inform senior policy officials of the status of legislative proposals and reports.

Selected Examples of Recent Progress:

Automation. During fiscal year 1994, OBPA continued to gain in office operations efficiency through its officewide automation system. Documentation of budget and regulatory agenda information is being transmitted on-line to the appropriate computers at OMB. A major improvement in the office's local area network (LAN) was initiated, which will result in increasing the speed and efficiency with which data is switched and transmitted throughout the office. System functionality was improved through upgrading existing software and the addition of new graphics packages. OBPA staff has an on-demand capability for applications consultation and instruction which will soon be augmented by an ADP resource center. A database management system for recording and tracking regulatory development activities was developed and is now operational, and the legislative reports tracking system is in the process of being refined and moved from its present host computer outside of OBPA to the office's own system.

Legislative Reports Tracking System. The Legislative Reports Tracking System continues to be a key element in OBPA's efforts to coordinate, monitor and provide information on the large volume

of legislative reports, proposals, bills, and resolutions received by the Department. During fiscal year 1994, OBPA assisted in the preparation of about 650 legislative reports.

Major Legislation. During fiscal year 1994, Congress enacted legislation to reform the crop insurance program and to reorganize the Department of Agriculture. It also authorized payments to farmers who suffered crop losses due to freeze, floods and other adverse weather conditions as part of the annual Agricultural appropriations legislation. OBPA prepared budget impact analyses and discussion papers which were used both within the Executive Branch and by the Congress in enacting this legislation.

USDA Reorganization and Streamlining. OBPA assisted in providing analysis and documentation for the Secretary's proposed reorganization and streamlining plans. Staffing and administrative budget saving estimates were also developed. Analyses of the National Performance Review recommendations on departmental reorganization proposals were continued.

Budget Summary. OBPA presented a series of technical, non-policy budget briefings for Congressional staff, the news media, special interest groups, and the general public when the Administration issued its fiscal year 1995 budget proposals. These briefings were attended by over 100 Congressional staff and members of the press and were broadcast on USDA's closed circuit TV. OBPA also distributed about 2,000 copies of the Budget Summary document to Congressional Committees, the press, State governments, farm groups, and others interested in USDA programs.

EXECUTIVE OPERATIONS
OFFICE OF SMALL AND DISADVANTAGED BUSINESS UTILIZATION

EXPLANATORY STATEMENT

The Office of Small and Disadvantaged Business Utilization (OSDBU) was established June 26, 1979, pursuant to P.L. 95-507, "Small Business Act", as amended. This activity oversees direction and implementation of Sections 8 and 15 of the Small Business Act and oversees procurements to assure maximum participation of small and small disadvantaged businesses in the Department's contracts for goods and services; and directs and monitors United States Department of Agriculture agencies' compliance in promoting full and open competition in the Department's contracting process.

Headquarters of the Office of Small and Disadvantaged Business Utilization is located in Washington D.C. As of September 30, 1994, there were nine full-time permanent employees.

OSDBU did not have any Office of Inspector General or General Accounting Office evaluation reports during the past year.

EXECUTIVE OPERATIONS
OFFICE OF SMALL AND DISADVANTAGED BUSINESS UTILIZATION

Available Funds and Staff-Years

1994 Actual and Estimated, 1995 and 1996

Item	1994 Actual		1995 Estimated		1996 Estimated	
	Amount	Staff- Years	Amount	Staff- Years	Amount	Staff- Years
Direct Appropriation:	\$698,000	9	\$707,000	10	\$724,000	10

EXECUTIVE OPERATIONS
OFFICE OF SMALL AND DISADVANTAGED BUSINESS UTILIZATION

Permanent Positions by Grade and Staff-Year Summary

1994 and Estimated 1995 and 1996

Grade	1994	1995	1996
	Washington, DC	Washington, DC	Washington, DC
ES-1.....	1	1	1
GS-15.....	1	1	1
GS-14.....	1	1	1
GS-13.....	4	4	4
GS-10.....	1	2	2
GS-7.....	1	1	1
Total, Permanent Positions.....	9	10	10
Unfilled Positions end-of-year.....	--	--	--
Total, Permanent Employment, end-of-year.....	9	10	10
Staff-Year Ceiling.....	9	10	10

EXECUTIVE OPERATIONS
OFFICE OF SMALL AND DISADVANTAGED BUSINESS UTILIZATION
CLASSIFICATION BY OBJECTS
1994 and Estimated 1995 and 1996

	<u>1994</u>	<u>1995</u>	<u>1996</u>
Personnel Compensation:			
Washington, D.C.....	<u>\$449,828</u>	<u>\$582,000</u>	<u>\$595,000</u>
11 Total personnel compensation.....	449,828	582,000	595,000
12 Personnel benefits.....	<u>72,338</u>	<u>84,000</u>	<u>85,000</u>
Total personnel compensation & benefits....	<u>522,166</u>	<u>666,000</u>	<u>680,000</u>
Other Objects:			
21 Travel.....	22,829	16,000	18,000
22 Transportation of things.....	1,000	2,000	2,000
23.3 Communications, utilities, and misc. charges.....	5,506	1,000	1,000
24 Printing and reproduction.....	8,976	2,000	2,000
25.2 Other services.....	72,457	14,000	15,000
26 Supplies and materials.....	5,326	3,000	3,000
31 Equipment.....	<u>36,146</u>	<u>3,000</u>	<u>3,000</u>
Total other objects.....	<u>152,240</u>	<u>41,000</u>	<u>44,000</u>
Total direct obligations.....	<u>674,406</u>	<u>707,000</u>	<u>724,000</u>
<u>Position Data:</u>			
Average Salary, ES positions.....	--	97,984	100,002
Average Salary, GS positions.....	46,779	53,780	55,111
Average Grade, GS positions.....	12.25	12.00	12.00

EXECUTIVE OPERATIONS
OFFICE OF SMALL AND DISADVANTAGED BUSINESS UTILIZATION

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

For necessary expenses of the Office of Small and Disadvantaged Business Utilization, including employment pursuant to the second sentence of section 706(a) of the Organic Act of 1994 (7 U.S.C. 2225), of which not to exceed \$5,000 is for employment under 5 U.S.C. 3109, \$724,000.

The Secretary's Memorandum No. 1010-1, dated October 20, 1994, created the Executive Operations under which the Office of Small and Disadvantaged Business Utilization was placed.

This language will create a separate amount under Executive Operations for the Office of Small and Disadvantaged Business Utilization (OSDBU). OSDBU was previously financed under the Departmental Administration Appropriation. This language also authorizes the Director of OSDBU to expend up to \$5,000 to hire consultants and temporary employees as needed to assist in carrying out the functions of the Agency.

EXECUTIVE OPERATIONS
OFFICE OF SMALL AND DISADVANTAGED BUSINESS UTILIZATION

Appropriations Act, 1995.....	0
Budget Estimate, 1996.....	<u>\$724,000</u>
Increase in Appropriation.....	<u>+724,000</u>
Adjustments in 1995:	
Appropriations Act, 1995.....	0
Function transferred from Departmental Administration a/.....	<u>+\$707,000</u>
Adjusted base for 1995.....	707,000
Budget Estimate, 1996.....	<u>724,000</u>
Increase over adjusted 1995.....	<u>+17,000</u>

a/ Pursuant to the authority given to the Secretary in the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994, Public Law No. 103-354, the Office of Small and Disadvantaged Business Utilization function was transferred from Departmental Administration to Executive Operations.

SUMMARY OF INCREASES AND DECREASES
(on basis of adjusted appropriation)

<u>Item of Change</u>	<u>1995 Estimated</u>	<u>Program Changes</u>	<u>Pay Cost</u>	<u>Other Changes</u>	<u>1996 Estimated</u>
Small & Disadvantaged Business Utilization....	\$707,000	+\$0	+\$12,000	+\$5,000	\$724,000

PROJECT STATEMENT
(On basis of adjusted appropriation)

	1994 Actual		1995 Estimated		Increase or Decrease	1996 Estimated	
	Amount	Staff- Years	Amount	Staff- Years		Amount	Staff- Years
Small & Disad- vantaged Busi- ness Utilization	\$674,406	9	\$707,000	10	+\$17,000	\$724,000	10
Unobligated balance.....	23,594		--	--			
Total Available or estimate.....	698,000	9	707,000	10	+17,000(1)	724,000	10
Transferred from DA.....	-698,000	-9	-707,000	-10			
Total Appropriation...	0	0	0	0			

JUSTIFICATION OF INCREASES AND DECREASE

- (1) A net increase of \$17,000 for small and disadvantaged business utilization, consisting of:
- (a) A total increase of \$12,000 for pay costs which consists of \$3,000 for the annualization of the 1995 pay raise, \$9,000 for the 1996 pay raise.
 - (b) An increase of \$4,000 which reflects a 3.0 percent increase in non-salary costs.
 - (c) An increase of \$2,000 which reflects one extra day's pay in fiscal year 1996.
 - (d) A decrease of \$1,000 for administrative efficiency.

In support of the Secretary's streamlining efforts and the President's Executive Order to reduce overhead-type costs from the fiscal year 1993 baseline, budget authority is reduced by \$1,000. In order to achieve this savings, OSDDBU will reduce discretionary expenses by \$1,000 in fiscal year 1996, in the area of other services.

Executive Operations
Office of Small and Disadvantaged Business Utilization
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1994 and Estimated 1995 and 1996

	1994		1995		1996	
	<u>Amount</u>	<u>Staff-Years</u>	<u>Amount</u>	<u>Staff-Years</u>	<u>Amount</u>	<u>Staff-Years</u>
District of Columbia.....	\$674,406	9	\$707,000	10	\$724,000	10
Unobligated Balance.....	23,594	--	--	--	--	--
Total, Available or Estimate.....	698,000	9	707,000	10	724,000	10

EXECUTIVE OPERATIONS

OFFICE OF SMALL AND DISADVANTAGED BUSINESS UTILIZATION

STATUS OF PROGRAM

The Office of Small and Disadvantaged Business Utilization (OSDBU) provides Departmentwide leadership in the implementation and execution of programs under Sections 8 and 15 of the Small Business Act, as amended, as well as Executive Order 12432, to promote the growth and competitiveness of small, minority-owned and women-owned businesses through equitable participation in the Department's procurement and program activities.

Current Activities

1. OSDBU Source System. An automated source system has been developed to maintain an inventory of qualified small, small disadvantaged and women-owned businesses as potential sources for offering services which may be utilized by the Department. The database was built on the National Finance Center network allowing access for Departmentwide use. OSDBU will provide the inventory maintenance of the system.
2. Acquisition Management. In an effort to encourage advanced acquisition planning and identifying contract opportunities to support small, small disadvantaged and women-owned businesses prior to determination of the acquisition strategy, OSDBU worked closely with the Office of Operations to establish an Automated Advanced Acquisition System. This system, when utilized properly will provide the most cost effective acquisition management in the history of the Department's procurement program. Training on the use of the system was conducted in mid-November by the Office of Operations with support from OSDBU. In an effort to reinvent the forecasting of the Department's procurement opportunities, OSDBU will utilize this system for projecting the Department's Annual Forecast. Prior to December 1994 an Interim Advanced Acquisition process was underway, that process is currently being converted to this automated system.
3. Procurement Forecast. OSDBU is in the process of preparing the upcoming Annual Procurement Forecast. This Forecast will represent the Department's anticipated procurement opportunities for fiscal year 1995.
4. Incentives. OSDBU is seeking creative ideas and initiatives in contracting to enhance prime contractors' efforts toward developing mentoring relationships with small disadvantaged businesses.
5. Minority Business Development Plan. In an effort to enhance the Department's Plan to support minority business development, OSDBU solicited greater input from the agencies. OSDBU provided to the agencies examples to encourage the development of incentives to support minority business participation in program and procurement activities.

Selected Examples of Recent Progress.

1. Procurement Reviews. As part of OSDBU's oversight responsibility, seven procurement assistance reviews were conducted during fiscal year 1994 at the Forest Service, Natural Resources and Conservation Service (formerly Soil Conservation Service), Agriculture Research Service and Consolidated Farm Service Agency in the States of Alaska, Florida, North Carolina and Mississippi. These reviews resulted in a number of recommendations to improve the implementation of the Procurement Preference Programs in these Offices. OSDBU is now working with the agencies to develop and implement corrective actions.

2. Small Business Conferences. OSDBU staff participated in 21 small business procurement conferences and trade fairs to provide guidance and information on the types of products and services procured by the Department. These outreach efforts aid USDA by locating potential small, small disadvantaged and women-owned business sources to assist agencies in meeting their program mission and attaining their Procurement Preference Program goals.

3. Small Business Participation. OSDBU held the Department's first Small Business Food Commodity Procurement Conference for over 100 small disadvantaged and women-owned food producers and distributors. The purpose of the conference was to improve small and minority business participation in all aspects of the food commodity program and to assist small businesses in developing working relations with the agencies within the Department procuring food commodities. Both the Agriculture Marketing Service and the Consolidated Farm Service Agency Kansas City Commodity Office (formerly Agricultural Conservation and Stabilization Service, Kansas City Commodity Office) participated in the conference. Additionally, OSDBU held a women-owned business Procurement Opportunities Fair for 40 women-owned businesses.

4. Training. Four training sessions were held quarterly for 18 OSDBU Coordinators working in USDA agencies at headquarters. The sessions, which related to the Small Business Act, involved discussions and dissemination of information on new laws, regulations, Executive Orders, and issues affecting the small business program. Headquarters Coordinators disseminate this information to their field locations. Seven training sessions were also conducted with the OSDBU field liaisons in conjunction with the procurement reviews.

5. Strategic Partnerships. As part of the OSDBU strategy to increase procurement opportunities to the small business community, OSDBU established a strategic plan with the Consolidated Farm Service Agency Kansas City Commodity Office outlining joint and specific efforts to increase small business participation in food commodity acquisitions. The Small Business Administration agreed to jointly participate in any initiatives to support this strategic plan.

6. Increased Contract Awards/Goals. OSDBU provided leadership in the Department's effort to support increases in the number of contracts awarded to small businesses owned and controlled by socially and economically disadvantaged individuals, resulting in awards for fiscal year 1994 that were \$52 million more than in fiscal year 1993. Additionally, OSDBU increased agency small disadvantaged, women-owned and 8(a) business goals for fiscal year 1995 to its highest levels ever in the history of these programs within the Department.

7. OSDBU Publications. OSDBU developed a "Small Business Guide for Doing Business with USDA" to serve as an information guide to small businesses interested in procurement opportunities. Additionally, OSDBU published a Subcontracting Directory to assist small businesses in identifying subcontracting opportunities with the Department's prime contractors.

AGRICULTURAL RESEARCH SERVICE

Explanatory Statement

The Agricultural Research Service (ARS) was established on November 2, 1953, pursuant to authority vested in the Secretary of Agriculture by 5 U.S.C. 301 and Reorganization Plan No. 2 of 1953, and other authorities.

The research performed by ARS is authorized by the Department of Agriculture Organic Act of 1862 (7 U.S.C. 2201, 2204), the Research and Marketing Act of 1946, amended (7 U.S.C. 427, 1621), the Food and Agriculture Act of 1977, as amended (7 U.S.C. 1281 note), the Food Security Act of 1985 (7 U.S.C. 3101 note), and the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 1421 note).

The mission of ARS research is to develop new knowledge and technology which will insure an abundance of high quality agricultural commodities and products at reasonable prices to meet the increasing needs of an expanding economy and to provide for the continued improvement in the standard of living of all Americans. This mission focuses on the development of technical information and technical products which bear directly on the need to: (1) manage and use the Nation's soil, water, air, and climatic resources, and improve the Nation's environment; (2) provide an adequate supply of agricultural products by practices that will maintain a permanent and effective agriculture; (3) improve the nutrition and well-being of the American people; (4) improve living in rural America; and (5) strengthen the Nation's balance of payments. The research applies to a wide range of goals; commodities; natural resources; fields of science; and geographic, climatic and environmental conditions.

As the Department of Agriculture's largest in-house research agency, ARS has major responsibilities for conducting and leading the national agricultural research effort. ARS provides initiative and leadership by providing:

- * Research on broad regional and national problems.
- * Research to support Federal action and regulatory agencies.
- * Expertise to meet national emergencies.
- * Research support for international programs.
- * Scientific resource to the Executive Branch and Congress.

ARS is responsible for conducting:

- Research to develop new knowledge to better manage and enhance the Nation's soil, water and atmospheric resources to optimize agricultural productivity and environmental quality.

Research is conducted to develop the technology for assessing and predicting long-term changes in the quantity and quality of the Nation's soil, water, and atmospheric resources; to provide the technology needed for improving, protecting, and restoring the productive capacity of agricultural soils; to develop improved soil and water management systems and practices; and to optimize interactions of climate with soil, water, crops, and their management and through better management, enhance the environment.

- Research to expand the knowledge and technology base necessary to maintain and increase the productivity and quality of crop plants.

Research is conducted on the: collection and preservation of plant genetic resources; use and modification of these genetic resources to develop new improved high-quality, pest-resistant, stress-tolerant crop varieties to satisfy domestic and export needs; production practices and crop management systems which increase production efficiency and help protect the environment; methods of biological control and other pest management practices to reduce crop losses from insects, diseases, nematodes, and weeds; biology of economic plants and major pests to better understand the biochemistry and function of living organisms; mapping of important genes of major crop plants; and new and alternate high-value crops particularly for small farm operations.

- Research to provide new knowledge and technology to maintain and increase productivity and quality of animals and animal products.
Research is conducted to increase the genetic capacity of animals for production; to improve the efficiency of reproduction and reproduction-related biological processes; to improve animal nutrition and feed efficiency to increase productivity and product quality; to develop ways to prevent or control losses from diseases, parasites, and toxicants and other substances that limit animal performance and reduce the quality of animal products; to develop means for controlling insects, ticks, and mites that affect animals and man; and to devise means for improving and integrating procedures and facilities for production and transport of animals to increase productivity, reduce costs, and enhance animal well-being.
- Research to develop and expand technologies necessary to achieve maximum use of agricultural commodities in domestic markets and export.
Research is conducted to maintain and improve the economic viability and competitiveness of U.S. food, feed and industrial products and commodities in the current global market by: developing the knowledge and means to improve quality and performance characteristics, to meet consumer safety criteria, and eliminate trade barriers; providing the knowledge and technologies needed by action and regulatory agencies to assure quality and safety; devising economic, environmentally benign, safe processing concepts; and expanding domestic and export market opportunities through the development of value-added food and nonfood products.
- Research to develop new knowledge essential to improve human health and well-being through improved nutrition.
Research is conducted to define the cellular and molecular functions, requirements, and interactions of nutrients for humans at all stages of the life cycle; to explore genetic diversity and individual variation in nutrient needs; to develop methods for determining the nutrient content of agricultural commodities and processed foods as eaten, and establish the bioavailability of their nutrients; and to improve the nutritional status of humans and the well-being of families by making techniques available for assessing the nutrient intake and nutritional status of the population.
- Integrate knowledge of agricultural production, processing and marketing into management systems which optimize utilization of users' resources and net returns.
Research is conducted to develop integrated systems for efficiently producing, processing and marketing agricultural products; and to develop alternative production systems, adapted to users with widely varying resources, which are economically and environmentally sustainable.
- Identify, acquire, organize, preserve and disseminate pertinent food and agricultural information. Agricultural information and library services are provided by the National Agricultural Library through traditional library functions and modern electronic dissemination to agencies of the USDA, public and private organizations, and individuals.

Also, ARS expends funds for:

- Repair and maintenance of facilities. Funds are used to repair and maintain ARS facilities to provide safe, energy-efficient and functional workspace for in-house research. ARS is committed to adequately funding routine maintenance and repair to assure that all facilities are properly maintained. Each location also allocates program funds, as appropriate, to perform the most urgent repairs or maintenance of facilities.
- Contingencies. These funds, established by Congress in fiscal year 1962, provide for contingency financing of urgent items requiring immediate research action, including research demanded by emergency situations, unforeseeable research needed because of unexpected scientific breakthroughs, damaged but urgently needed facilities, and other related needs where time is of the essence.

The Department has a central fund to promote facility compliance under the requirements

of the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) and the Resource Conservation Recovery Act (RCRA). These Acts require Federal agencies to meet the same standards for storage and disposition of hazardous wastes as private businesses. The funds provided for this program enable the Department to address problems posed by past uncontrolled hazardous waste disposal practices and to deal with the regulation of current hazardous substances. Resources are allotted to USDA agencies from the central fund.

In addition to the funds from the central account, the Agricultural Research Service estimates that the agency will require \$3.4 million from its own resources to help bring Federal facilities into compliance with CERCLA and RCRA.

ARS' Headquarters offices are located in the Washington, D.C. metropolitan area. The field activities are managed on a national basis through eight Area Offices. Research is conducted at field locations in the States, District of Columbia, Puerto Rico, the Virgin Islands, and in two foreign countries. Much of the work is conducted in direct cooperation with State agricultural experiment stations, other State and Federal agencies, and private organizations.

As of September 30, 1994, there were 6,703 full-time employees and 1,324 other than full-time employees. Of the total, 752 full-time employees and 31 other than full-time employees worked in the Headquarters offices.

Under the USDA reorganization, all functions and duties of the National Agricultural Library were merged with the ARS.

AGRICULTURAL RESEARCH SERVICE

Performance Indicators

ARS operates under an agencywide Six-Year Program Plan. The Program Plan establishes the master framework and planning structure for ARS and focuses on long-term strategies. Additionally, the Plan provides detailed information on the Agency's mission, programs, objectives, priorities, and resources. The Plan identifies the planned outcomes of specific research initiatives and provides for the systematic evaluation of ARS' research programs.

ARS' Program Plan is dynamic in that it reflects the nation's changing research priorities. ARS has begun the process of preparing its next agencywide Program Plan which will comply with the requirements of the Government Performance and Results Act of 1993.

ARS has annually provided a listing of its most significant research accomplishments as an indication of its performance. ARS' FY 1994 accomplishments are included elsewhere in this presentation.

In FY 1994, ARS scientists prepared 8,774 publications, which include peer reviewed journal articles, germplasm releases, literature reviews and abstracts. In addition, ARS has specific performance indicators as they relate to the Agency's technology transfer and commercialization activities. As shown below, ARS has been active in establishing Cooperative Research and Development Agreements (CRADAs) with industry.

<u>Measures of Performance</u>	<u>FY 1994 Actual</u>	<u>FY 1995 Estimated</u>	<u>FY 1996 Estimated</u>
Active CRADAs	212	200	200
Active CRADAs With Small Business	93	94	100
Invention Disclosures	125	130	135
Patent Applications	52	54	56
Exclusive Licenses Awarded	9	30	30
Non-Exclusive Licenses Awarded	0	5	5
New Companies Formed	0	1	2

Also, ARS has performance indicators for some of the activities conducted at its National Agricultural Library, which are as follows:

Serial Issues Added	125,958	138,000	140,000
Number of Titles Catalogued	20,250	17,322	17,400
Articles Indexed	70,240	55,000	55,000
Abstracts	28,824	29,000	29,000
Document Requests Filled	106,173	109,358	112,639
Reference Inquiries Answered	65,868	66,000	66,500
Automated Searches Conducted	37,465	38,000	38,500
Current Awareness Literature Searches	73,367	77,036	80,888
Current Awareness Literature Profiles By All Databases	21,588	22,667	23,800

AGRICULTURAL RESEARCH SERVICE

Available Funds and Staff-Years

1994 Actual and Estimated, 1995 and 1996

Item	1994 Actual		1995 Estimated		1996 Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Direct Appropriation:						
Agricultural Research						
Service	712,983,000	7,838	712,062,000	7,831	709,810,000	7,748
Buildings and Facilities	32,743,000	--	43,718,000	--	30,200,000	--
Total, Appropriation. . . .	745,726,000	7,838	755,780,000	7,831	740,010,000	7,748
Deduct Allotments to Other						
Agencies:						
Forest Service.	-322,233	--	-361,000	--	-361,000	--
Net	745,403,767	7,838	755,419,000	7,831	739,649,000	7,748
<u>Allocations from:</u>						
Hazardous Waste Mgmt. . . .	2,547,093	--	1,880,000	--	1,580,000	--
<u>Reimbursements from other</u>						
<u> USDA Appropriations:</u>						
Agricultural Marketing						
Service	423,207	1	425,000	1	425,000	1
Animal and Plant Health						
Inspection Service. . . .	8,257,506	34	8,500,000	34	8,500,000	34
Cooperative State						
Research, Education, &						
Extension Service. . . .	994,015	4	1,000,000	4	1,000,000	4
Economic Research Service	25,513	--	28,000	--	28,000	--
Food and Consumer						
Service	592,957	2	600,000	2	600,000	2
Food Safety and						
Inspection Service. . . .	1,478,663	4	1,500,000	4	1,500,000	4
Foreign Agricultural						
Service	1,800,658	5	1,810,000	5	1,810,000	6
Forest Service.	1,632,961	5	1,700,000	5	1,700,000	5
Grain Inspection,						
Packers and Stockyards						
Administration.	236,099	1	250,000	1	250,000	1
Natural Resources						
Conservation Service. . .	698,206	2	700,000	2	700,000	2
Office of Finance and						
Management.	41,471	--	45,000	--	45,000	--
Rural Business and						
Cooperative Development						
Service	56,030	1	58,000	1	58,000	1
Miscellaneous						
Reimbursements.	3,262,821	5	4,515,000	5	4,515,000	5
Total, Other-USDA Funds	22,047,200	64	23,011,000	64	22,711,000	64
<u>Other Federal Funds:</u>						
Department of the Army. . .	1,469,336	4	1,500,000	4	1,500,000	4
Department of Commerce. . .	97,251	--	100,000	--	100,000	--
Department of Defense . . .	204,453	1	220,000	1	220,000	1

Available Funds and Staff-Years

1994 Actual and Estimated, 1995 and 1996

Item	1994 Actual		1995 Estimated		1996 Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
<u>Other Federal Funds:</u>						
(continued)						
Department of Energy . . .	927,008	3	935,000	3	935,000	3
Department of Health and Human Services	2,136,672	6	2,000,000	6	2,000,000	6
Department of the Interior	444,531	1	450,000	1	450,000	1
Department of Justice . . .	115,900	--	100,000	--	100,000	--
Department of State	209,074	--	210,000	--	210,000	--
Environmental Protection Agency	2,627,602	7	2,700,000	7	2,700,000	7
Nat'l Aeronautics & Space Administration	135,162	--	147,000	--	147,000	--
National Science Foundation	159,000	--	175,000	--	175,000	--
Miscellaneous Reimbursements	406,495	1	697,000	1	697,000	1
Total, Other Federal Funds	8,932,484	23	9,234,000	23	9,234,000	23
<u>Non-Federal Funds:</u>						
American Soybean Association	46,694	--	50,000	--	50,000	--
University of Arkansas . . .	36,701	--	40,000	--	40,000	--
Binational Agricultural Research & Development Agreement (BARD)	414,262	2	415,000	2	415,000	2
California Boating and Waterways	44,176	--	45,000	--	45,000	--
California State	59,717	--	60,000	--	60,000	--
California Department of Food & Agriculture	406,780	2	405,000	2	405,000	2
Cornell University	73,042	--	80,000	--	80,000	--
Cotton Foundation	141,996	--	150,000	--	150,000	--
Cotton Incorporated	300,016	1	300,000	1	300,000	1
Florida Department of Natural Resources	71,615	--	75,000	--	75,000	--
Florida Department of Environmental Protection	131,328	--	131,000	--	131,000	--
University of Georgia . . .	39,290	--	40,000	--	40,000	--
Iowa State University . . .	102,426	--	110,000	--	110,000	--
John Hopkins University . .	37,863	--	40,000	--	40,000	--
Leopold Center	39,506	--	40,000	--	40,000	--
New Mexico Institute of Mining & Technology	50,578	--	50,000	--	50,000	--
North Carolina State University	26,539	--	27,000	--	27,000	--

Available Funds and Staff-Years

1994 Actual and Estimated, 1995 and 1996

Item	1994 Actual		1995 Estimated		1996 Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
<u>Non-Federal Funds</u>						
(continued)						
North Dakota State University	27,301	--	30,000	--	30,000	--
Oklahoma State University	37,593	--	40,000	--	40,000	--
Purdue University	31,028	--	34,000	--	34,000	--
Quarters and Subsistence	208,500	--	210,000	--	210,000	--
Sale of Animals and Personal Property	533,351	--	500,000	--	500,000	--
Florida Water Management Districts	205,598	--	210,000	--	210,000	--
Texas A&M Univ. Agric. Experiment Station	196,491	1	200,000	1	200,000	1
Washington State	33,081	--	35,000	--	35,000	--
Washington State University	33,993	--	34,000	--	34,000	--
University of Wyoming	36,311	--	40,000	--	40,000	--
Miscellaneous Reimbursements	239,500	--	544,000	--	544,000	--
Total, Non-Federal Funds	3,605,276	6	3,935,000	6	3,935,000	6
<u>Miscellaneous</u>						
<u>Contributed Funds:</u>	11,546,928	65	14,100,000	65	14,100,000	60
Total, Agricultural Research Service	791,535,655	7,996	805,699,000	7,989	789,629,000	7,901

Agricultural Research Service
Permanent Positions by Grade and Staff-Year Summary
1994 Actual and Estimated 1995 and 1996

Grade	1994 Actual			1995 Estimate			1996 Estimate		
	Head- quarters	Field	Total	Head- quarters	Field	Total	Head- quarters	Field	Total
ES-6	1	--	1	1	--	1	1	--	1
ES-5	5	6	11	5	6	11	5	5	10
ES-4	--	7	7	--	7	7	--	6	6
ES-3	1	5	6	1	5	6	1	5	6
ES-2	5	4	9	5	4	9	5	4	9
ES-1	--	13	13	--	13	13	--	13	13
GS/GM-15	51	434	485	48	435	483	43	432	475
GS/GM-14	48	570	618	41	556	597	30	554	584
GS/GM-13	151	697	848	128	710	838	96	733	829
GS-12	184	635	819	164	648	812	98	705	803
GS-11	52	583	635	29	603	632	16	609	625
GS-10	3	17	20	3	17	20	2	18	20
GS-9	36	761	797	31	764	795	30	756	786
GS-8	9	358	367	9	358	367	3	360	363
GS-7	84	627	711	79	630	709	43	658	701
GS-6	134	574	708	134	572	706	94	596	690
GS-5	48	525	573	43	530	573	37	528	565
GS-4	16	208	224	14	209	223	10	210	220
GS-3	6	44	50	6	44	50	6	43	49
GS-2	2	30	32	2	30	32	2	30	32
GS-1	8	15	23	8	15	23	7	16	23
Positions at rates established by Act 20-Jun-58 (U.S.C.3104) (ST).....									
	--	25	25	--	25	25	--	25	25
Grades Established Under Foreign National Pay Plan Manual....									
	--	12	12	--	12	12	--	12	12
Ungraded Positions.....									
	2	517	519	2	517	519	2	511	513
Total Permanent Positions.....									
	846	6,667	7,513	753	6,710	7,463	531	6,829	7,360
Unfilled Positions End-of-Year									
	-52	-296	-348	-44	-254	-298	-43	-280	-323
Permanent Employment End-of-Year									
	794	6,371	7,165	709	6,456	7,165	488	6,549	7,037
Staff Years:									
	852	7,144	7,996	746	7,243	7,989	535	7,366	7,901

AGRICULTURAL RESEARCH SERVICE

CLASSIFICATION BY OBJECTS1994 Actual and Estimated 1995 and 1996

	1994 Actual	1995 Estimated	1996 Estimated
Personnel Compensation:			
Headquarters.....	\$40,346,207	\$41,329,820	\$41,840,132
Field.....	278,238,586	283,570,180	285,292,868
11 Total Personnel Compensation	318,584,793	324,900,000	327,133,000
12 Personnel Benefits.....	69,157,350	71,560,000	72,181,000
13 Benefits for former employees.	617,564	0	0
Total, Pers. Comp. & Benefits.....	388,359,707	396,460,000	399,314,000
Other Objects:			
21 Travel and transportation of persons.....	11,843,752	11,658,000	11,380,000
22 Transportation of things.....	1,102,484	1,083,000	1,061,000
23.2 Rent paid to others.....	1,200,277	1,179,000	1,151,000
23.3 Communications, utilities and miscellaneous charges.....	30,220,336	29,721,000	28,743,000
24 Printing and reproduction.....	1,181,556	1,141,000	1,116,000
25.1 Consulting services.....	898,000	993,000	993,000
25.2 Other services.....	87,592,037	83,806,000	89,039,000
25.3 Purchases of goods and services from Government accounts.....	26,416,571	26,777,000	26,123,000
25.4 Operation of GOCOs.....	32,090,321	32,629,000	31,836,000
25.5 Research contracts	37,066,908	36,466,000	35,576,000
26 Supplies and materials.....	52,292,537	51,440,000	50,217,000
31 Equipment.....	44,449,727	43,904,000	43,234,000
32 Lands and Structures.....	14,924,547	13,454,000	13,151,000
41 Grants, subsidies, and contributions.....	15,772,925	16,451,000	9,876,000
Total Other Objects.....	357,051,978	350,702,000	343,496,000
Total Obligations.....	745,411,685	747,162,000	742,810,000

Position Data:

Average Salary, ES positions.....	106,100	106,626	111,784
Average Salary, GM/GS positions.....	39,600	38,935	41,047
Average Grade, GM/GS positions.....	9.73	9.73	9.73
Average Salary of Ungraded positions.....	36,300	34,238	35,529

Note: Includes Salaries and Expenses and Buildings and Facilities Obligations.

AGRICULTURAL RESEARCH SERVICE

Passenger Motor Vehicles

The passenger motor vehicles of Agricultural Research Service (ARS) are used almost exclusively by professional research investigators and technical personnel. In the course of their daily work, research personnel may need to travel to individual farms, ranches, commercial firms, State agricultural experiment stations, etc.

It is the policy of ARS to pool the use of motor vehicles for different activities in order to keep the number of vehicles to a minimum and reduce overall costs of operation and maintenance. In this type of work a high degree of mobility is required. Vehicle operation reports are required and periodic surveys are made to determine the extent to which vehicles are being used and their condition.

Replacement of passenger motor vehicles

It is proposed to replace 46 of 463 vehicles currently in operation. These vehicles are assigned to ARS locations and are used in connection with research studies and technical assistance. Vehicle replacement is based on funding priority, program management, mileage, and vehicle age.

Age and Mileage Data for passenger-carrying vehicles on hand as of September 30, 1994.

Age-Year Model	Number of Vehicles*	Percent of Total	Lifetime Mileage (thousands)	Number of Vehicles	Percent of Total
1989-5 or older	298	64	100 and above	44	10
1990-4	35	8	80 - 100	50	11
1991-3	27	5	60 - 80	99	21
1992-2	38	8	40 - 60	82	18
1993-1	36	8	20 - 40	98	21
1994	<u>29</u>	<u>7</u>		<u>90</u>	<u>19</u>
	463	100		463	100

* Includes six vehicles used in foreign countries.

Aircraft

The Agency currently maintains a fleet of seven aircraft, located at College Station, Texas, and Weslaco, Texas. These specially modified and equipped research aircraft are used in pest control methods, application of agricultural materials, radar tracking of airborne insect migration, infrared and color photography, and evaluating effects of weather on agriculture.

PROPOSED LANGUAGE CHANGES
AGRICULTURAL RESEARCH SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Salaries and Expenses:

- For necessary expenses to enable the Agricultural Research Service to perform agricultural research and demonstration relating to production, utilization, marketing, and distribution (not otherwise provided for)
- 1 home economics or nutrition and consumer use, including the acquisition, preservation, and dissemination of agricultural information, and for acquisition of lands by donation, exchange, or purchase at a nominal cost not to exceed \$100, [\$696,382,000] \$709,810,000: Provided, That appropriations hereunder shall be available for temporary employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$115,000 shall be available for employment under 5 U.S.C. 3109: Provided further, That appropriations hereunder shall be available for the operation and maintenance of aircraft
 - 2 and the purchase of not to exceed one for replacement only: [Provided further, That appropriations hereunder shall be available to conduct marketing research:] Provided further, That appropriations hereunder shall be available pursuant to 7 U.S.C. 2250 for the construction, alteration, and repair of buildings and improvements, but unless otherwise provided the cost of constructing any one building shall not exceed \$250,000, except for headhouses or greenhouses which shall each be limited to \$1,000,000, and except for ten buildings to be constructed or improved at a cost not to exceed \$500,000 each, and the cost of altering any one building during the fiscal year shall not exceed 10 per centum of the current replacement value of the building or \$250,000, whichever is greater: Provided further, That the limitations on alterations contained in this Act shall not apply to modernization or replacement of existing facilities at Beltsville, Maryland: Provided further, That the foregoing limitations shall not apply to replacement of buildings needed to carry out the Act of April 24, 1948 (21 U.S.C. 113a): Provided further, That the foregoing limitations shall
 - 3 not apply to the purchase of land at [Parlier, California:] Beckley, West Virginia: [and Grand Forks, North Dakota:] Provided further, That not to exceed \$190,000 of this appropriation may be transferred to and merged with
 - 4 the appropriation for the Office of the [Assistant Secretary for Science and Education] Under Secretary for Research, Education, and Economics for the scientific review of international issues involving agricultural chemicals and food additives: Provided further, That funds may be received from any State, other political subdivision, organization, or individual for the purpose of establishing or operating any research facility or research project of the Agricultural Research Service, as authorized by law.
 - 5 [None of the funds in the foregoing paragraph shall be available to carry out research related to the production, processing or marketing of tobacco or tobacco products.]

The first change incorporates the appropriation language of the National Agricultural Library which was merged with the Agricultural Research Service under the Department of Agriculture reorganization.

The second change proposes deletion of duplicative language authorizing the agency to conduct marketing research.

The third change proposes deletion of the provision included in the Agriculture, Rural Development, Food and Drug Administration, and Related

Agencies Appropriations Act for FY 1995, authorizing the agency to purchase land at Parlier, California; and Grand Forks, North Dakota. These parcels of land will be purchased in FY 1995.

The fourth change is to change the title of the Office of the Assistant Secretary for Science and Education to the Office of the Under Secretary for Research, Education, and Economics.

The fifth change proposes deletion of the FY 1995 provision prohibiting the agency to carry out research related to the production, processing or marketing of tobacco or tobacco products.

AGRICULTURAL RESEARCH SERVICE

ARS Appropriation Act, 1995	\$696,382,000
Budget Estimate, 1996	<u>709,810,000</u>
Decrease in Appropriation	<u>-13,428,000</u>

Adjustments in 1995:

Appropriation Act, 1995	\$696,382,000
Activities transferred from the National Agricultural Library a/	+18,307,000
Activities transferred to Food Nutrition, and Consumer Services b/	-2,218,000
Transfer to Office of the Secretary c/	-114,000
Activities Transferred to Office of Civil Rights Enforcement d/	-295,000
Adjusted base for 1995	\$712,062,000
Budget Estimate, 1996	<u>709,810,000</u>
Decrease below adjusted 1995	<u>-2,252,000</u>

- a/ Pursuant to Secretary's Memorandum No. 1010-1 dated October 20, 1994, the agricultural information and library services functions are transferred to this account from the National Agricultural Library. Actual transfer of funds of \$18,307,000 was made in FY 1995, which represents the full amount of this activity.
- b/ Pursuant to Memorandum of Agreement dated January 3, 1995, between ARS and the Food, Nutrition, and Consumer Services, the nutrition education functions were transferred from this Account. Actual transfer of funds of \$2,218,000 has been effected in FY 1995.
- c/ This transfer was made pursuant to the Secretary's authority provided by P.L. 102-341, dated August 14, 1992.
- d/ Pursuant to Secretary's Memorandum No. 1010-1 dated October 20, 1994, The Assistant Secretary of Agriculture for Administration will supervise all activities of the Office of Civil Rights Enforcement. Actual transfer of funds of \$295,000 is anticipated in FY 1995.

SUMMARY OF INCREASES AND DECREASES - CURRENT LAW
(on basis of adjusted appropriation)

	<u>1995 Estimated</u>	<u>Program Changes</u>	<u>Pay Costs</u>	<u>Other Changes</u>	<u>1996 Estimated</u>
1. Research on soil, water and air sciences . . .	\$83,010,000	-\$1,171,000	+\$1,040,000	-\$822,000	\$82,057,000
2. Research on plant sciences . .	244,125,000	-7,019,000	+3,712,000	-3,211,000	237,607,000
3. Research on animal sciences .	113,851,000	-1,649,000	+1,756,000	-1,516,000	112,442,000
4. Research on commodity conversion and delivery . . .	141,446,000	-2,254,000	+1,835,000	-1,489,000	139,538,000
5. Human nutrition research	62,347,000	+8,813,000	+328,000	-81,000	71,407,000
6. Integration of agricultural systems	30,685,000	-1,853,000	+223,000	-121,000	28,934,000
7. Agricultural information and library services .	17,407,000	+1,000,000	+197,000	+30,000	18,634,000
8. Repair and mainte- nance of facilities	18,262,000	--	--	--	18,262,000
9. Contingencies . . .	<u>929,000</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>929,000</u>
Total Available	712,062,000	-4,133,000	+9,091,000	-7,210,000	709,810,000

Project Statement - Current Law
(on basis of adjusted appropriation)

Project	1994 Actual		1995 Estimated		Increase or Decrease	1996 Estimated	
	Amount	Staff Years	Amount	Staff Years		Amount	Staff Years
1. Research on soil, water, and air sciences.....	\$87,505,005	906	\$83,010,000	910	-\$953,000 (1)	\$82,057,000	900
2. Research on plant sciences.....	249,938,057	3,233	244,125,000	3,246	-6,518,000 (2)	237,607,000	3,209
3. Research on animal sciences.....	114,562,545	1,531	113,851,000	1,537	-1,409,000 (3)	112,442,000	1,520
4. Research on commodity conversion and delivery...	134,687,743	1,599	141,446,000	1,605	-1,908,000 (4)	139,538,000	1,587
5. Human nutri- tion research..	60,573,465	315	62,347,000	286	+9,060,000 (5)	71,407,000	283
6. Integration of agricultural systems.....	27,022,440	196	30,685,000	196	-1,751,000 (6)	28,934,000	194
7. Agricultural information and library services.....	17,263,709	216	17,407,000	209	+1,227,000 (7)	18,634,000	208
8. Repair and maintenance of facilities..	17,592,499		18,262,000		--	18,262,000	
9. Contingencies...	a/		929,000		--	929,000	
10. Unobligated balance.....	3,837,537	--	--	--	--	--	
Total, available or estimate.....	712,983,000	7,996	712,062,000	7,989	-2,252,000	709,810,000	7,901
Transfer to the Office of the Secretary.....	141,000		114,000				
Transfer to Office of Civil Rights Enforcement.....	--		295,000				
Transfer to the Food, Nutrition, and Consumer Services.....	--		2,218,000				
Total Appropriation..	713,124,000	7,996	714,689,000	7,989			

a/ Obligations incurred under the Research Contingency Fund in 1994 amount to \$928,523 and are reflected in the program activities listed above.

JUSTIFICATION OF INCREASES AND DECREASES

The Administration proposes a net decrease of \$2.3 million for programs of the Agricultural Research Service. This budget reflects a number of important changes, including the efficiencies to be gained through the streamlining of program and administrative activities, to enable ARS to focus limited resources in solving problems critical to agriculture and the Nation, including: food safety and pathogen reduction, integrated pest management, human nutrition, agricultural biodiversity, and air quality. Streamlining measures to address budgeting constraints include the closure of research facilities, termination of research projects, and cost-savings resulting from lowered staff-year levels and reduced administrative activities.

Long-range staffing targets consistent with streamlining plans for ARS indicate the need for less total facility capacity for research scientists than is currently available to the Agency. Given the projected reduced staffing levels and taking into consideration a number of factors, such as condition of facilities, availability of other similar facilities and programs and relative priority of work conducted at various locations, ARS proposed the closure of 19 facilities in the 1995 budget. In the Conference Report on 1995 appropriations, the conferees directed that nine of the facilities remain open for another year for further evaluation. ARS has discontinued research at the other ten locations and is pursuing actions to fully close and dispose of the property through the normal process.

As part of the Agency's ongoing review of programs, facilities and other resources, the 1996 budget once again proposes termination of selected lines of research and closure of research facilities to move the Agency toward long-range streamlining targets. In developing the 1996 proposals, criteria similar to those used in 1995 were employed in identifying potential locations for closure. These include physical condition of facilities, critical mass of scientific talent, relevance to National programs, support for USDA Action Agencies and relationship to programs at other locations. Based upon information available to Agency planners as the 1996 budget was developed, twelve locations have been identified for closure. This list includes the locations deferred from closure in 1995 and three additional locations: Orono, Maine; Reno, Nevada; and Clemson, South Carolina. As planning proceeds during the year, ARS will continue to keep the Committees informed of specific plans related to the closure of facilities.

(1) A net decrease of \$953,000 for research on Soil, Water, and Air Sciences, consisting of:

- a) An increase of \$1,040,000 which includes \$258,000 for the annualization of the FY 1995 pay raise, and \$782,000 for the anticipated FY 1996 pay raise.
- b) An increase of \$1,306,000 for increased operating costs.
- c) A decrease of \$882,000 for administrative overhead.

In support of the Administration's efforts to reduce Federal administrative overhead costs, ARS is decreasing its expenditures in this area by \$882,000. In order to achieve these savings, ARS will reduce discretionary expenses by \$882,000 in FY 1996 in areas such as travel, printing, communications, supplies and materials, contracting, consultants, and extramural activities.

- d) A decrease of \$1,215,000 for staff reductions.

In support of the Administration's efforts to reduce Federal employment levels, ARS is decreasing its staffing by 10 FTE thereby saving \$1,215,000.

- e) A decrease of \$31,000 for FTS 2000 reduction.

This decrease reflects lower long distance telecommunications prices due to price redeterminations in the FTS 2000 contracts.

- f) A decrease of \$1,444,000 which reflects reductions from the closeout of research laboratories.

The budget recommendations include the elimination of selected research locations. Streamlining the USDA research activities will result in savings which will be directed to achieve critical research initiatives. More effective utilization of remaining laboratories will result in lower overhead costs. Research at the following locations is proposed for termination:

El Reno, Oklahoma (\$299,500)

The mission of the Grazinglands Research Facility at El Reno is to increase the efficient production of lean red meat from forages by increasing the quantity and quality of forages. A soil/forage/animal systems research approach to meat production is the main research emphasis at El Reno. Facilities are old and badly in need of upgrading/modernization, especially the feedlots, fences, other infrastructure, etc. Similar research is being conducted by ARS at Clay Center, Nebraska and Miles City, Montana. The research programs at these locations can meet the research needs of clients located in different ecological production areas of the United States.

Reno, Nevada (\$491,000)

The research program at Reno, Nevada, addresses the landscape ecology of the inter-mountain region of the western rangelands. The research to be terminated is deemed to be less critical given the constrained budget climate under which the Federal Government must now operate. Given the other relevant range research being conducted at Burns, Oregon, and Logan, Utah, ARS will continue to address the most critical technical issues associated with resource conservation and forage production on public and private rangelands. There is no ARS real property resource associated with this program. All research is carried out in cooperator's facilities and on public lands.

Sidney, Montana (\$510,500)

The mission of the location is to develop sustainable farming systems for the Northern Great Plains, including dryland and irrigated crop production. As a satellite from Bozeman, the unit is also actively working on biocontrol of leafy spurge and other range weeds. The laboratory also has research programs on water conservation, erosion control, and crop production. However, similar work is carried on at Bozeman, Montana; Mandan, North Dakota; Cheyenne, Wyoming; and Akron, Colorado. The Agency can serve the needs of the Northern Plains more effectively from these remaining four locations.

Headquarters and Area Management Reduction (\$143,000)

In addition to terminations in direct research projects proposed herein, the Agency is proposing savings through a reduction in administrative and program management support. Reductions will be taken at the Washington, D.C. Headquarters and Area management offices.

- g) A decrease of \$727,000 in base program reductions.

The Agricultural Research Service is proposing to reduce research projects carried out under the Soil, Water and Air activity. The research to be terminated is deemed to be less critical given the constrained budget climate under which the Federal Government must now operate. The Administration and the Congress are examining all programs to reduce Federal expenditures and the Federal deficit. Savings will be achieved through the elimination and/or reduction of selected research programs, streamlining efficiencies and other management initiatives. ARS will absorb its share of cost reduction by reducing programs and related administrative costs and terminating specific projects implemented through in-house laboratories as well as extramural agreements in

Soil, Water and Air research operations. Projects in this area include soils management research projects on nutrient uptake by plant roots from soils.

- h) An increase of \$1,000,000 for research to strengthen Environmental Quality through Improved Air Quality.

As of January 1994, eighty cities and counties in the Nation were designated in non-attainment status with the requirements of the 1990 Clean Air Act Amendments. Agricultural activities are suspected or shown to be contributing fugitive dust. PM-10 fugitive dust affects mostly children, the elderly, and those with influenza, lung or heart disease, or asthma. PM-10 means particulates equal to or less than 10 micrometers in size, the size that can reach and endanger human lungs.

The Administration and EPA continue to establish new policies that encourage innovative and economically efficient methods to control particulate emissions where possible. States must develop State Implementation Plans that address, among other things, controlling emissions of agricultural air pollutants. There is currently almost no scientifically-based documentation or understanding of fugitive dust emission by agriculture on which to base such plans.

There is an urgent need to rapidly develop knowledge and technology for reducing agriculture's contributions to fugitive dust emissions in areas where there are major reasons for the non-attainment status of several major cities.

Research will be expanded in the following area:

- o Mechanisms of Agricultural PM-10 Dust Emission and Means of Control (\$1,000,000). The mechanics of dust formation by agricultural systems and technologies will be characterized. Research will include assessment of: (1) the generation of fugitive dust-sized particles, both organic and inorganic, as a result of farming operations, (2) normal, nonstorm weathering, and direct emissions during tillage operations, and (3) generation and entrainment of fugitive dust particles during windstorms. These assessments should be sufficiently advanced by the year 2000 to identify the primary sources of PM-10 dust and mechanisms involved in its generation. In the following five years, this information will be used to devise the most cost-effective means to reduce agriculture's contribution to PM-10 dust emission.

- (2) A net decrease of \$6,518,000 for research on Plant Sciences, consisting of:

- a) An increase of \$3,712,000 which includes \$1,036,000 for the annualization of the FY 1995 pay raise and \$2,676,000 for the anticipated FY 1996 pay raise.
- b) An increase of \$3,736,000 for increased operating costs.
- c) A decrease of \$2,522,000 for administrative overhead.

In support of the Administration's efforts to reduce Federal administrative overhead costs, ARS is decreasing its expenditures in this area by \$2,522,000. In order to achieve these savings, ARS will reduce discretionary expenses by \$2,522,000 in FY 1996 in areas such as travel, printing, communications, supplies and materials, contracting, consultants, and extramural activities.

- d) A decrease of \$4,335,000 for staff reductions.

In support of the Administration's efforts to reduce Federal employment levels, ARS is decreasing its staffing by 37 FTE thereby saving \$4,335,000.

- e) A decrease of \$90,000 for FTS 2000 reduction.

This decrease reflects lower long distance telecommunications prices due to price redeterminations in the FTS 2000 contracts.

- f) A decrease of \$5,122,000 which reflects reductions from the closeout of research laboratories.

The budget recommendations include the elimination of selected research locations. Streamlining the USDA research activities will result in savings which will be directed to achieve critical research initiatives. More effective utilization of remaining laboratories will result in lower overhead costs. Research at the following locations is proposed for termination:

Brawley, California (\$306,000)

Brawley serves primarily as a staging area for field work in soil and water management, entomology, and crop production directed from other ARS laboratories such as Riverside, Fresno, and Salinas, California; and Phoenix, Arizona. Much of the work at Brawley is directed at unique problems in one local area of California. To the extent necessary, field work can be continued in the Imperial Valley from remote locations without maintaining the local facilities.

Brownwood, Texas (\$472,700)

The objective of the research at Brownwood is to evaluate pecan germplasm and introduce improved varieties. This research has been very productive and ARS has introduced 19 new improved varieties which are now widely grown throughout the pecan belt. In view of the need to direct resources to other agricultural problems of higher national priority, there is now a need to discontinue this pecan research. The new ARS varieties are widely grown and there is reduced need for this research. About 32 percent of the U.S. pecan crop is produced from native seedling trees. With the availability of existing improved varieties and the lack of expansion of plantings of improved varieties in the U.S., the future need for additional improved varieties is not considered of high national priority. The collection of unique pecan germplasm now located at Brownwood will continue to be maintained. ARS will maintain national scoped pecan management and culture research at Byron, Georgia.

Chatsworth, New Jersey (\$514,300)

Research at Chatsworth is on breeding of blueberries, and on improved methods of disease control in blueberries and cranberries. Excellent progress has been made and both the cranberry and blueberry industries are thriving and expanding. To a large degree, many of the original objectives of this research have been accomplished. ARS has introduced 51 new improved varieties of high bush blueberries over the last 50 years and these are mainly tolerant of major disease problems. Largely through ARS research, disease problems of cranberries are now greatly reduced. Since the cranberry and blueberry research objectives have largely been met, and these crops are major agricultural industries in the State of New Jersey, it is appropriate for the industries themselves and the State to continue whatever research may be required in the future. Blueberry breeding will continue at Beltsville, Maryland, and the National Blueberry Repository will continue to be maintained at Corvallis, Oregon.

El Reno, Oklahoma (\$595,600)

The mission of the Grazinglands Research Facility at El Reno is to increase the efficient production of lean red meat from forages by increasing the quantity and quality of forages. A soil/forage/animal systems research approach to meat production is the main research emphasis at El Reno. Facilities are old and badly in need of upgrading/modernization, especially the feedlots, fences, other infrastructure, etc. Similar research is being conducted by ARS at Clay Center

Nebraska and Miles City, Montana. The research programs at these locations can meet the research needs of clients located in different ecological production areas of the United States.

Houma, Louisiana (\$1,382,500)

Research in Houma is exclusively on the breeding and culture of sugarcane. Emphasis is on the development of new improved varieties, the use of genetic engineering procedures to introduce new genes or genetic material into existing varieties, control of weed populations, and improved methods of insect and disease control. This research has been very successful and the yield of sugar/acre has increased four-fold over the years through use of ARS varieties. Over the last 13 years, ARS has released 30 new varieties, some of which have been jointly released with Louisiana State University and the American Sugarcane League. Inasmuch as all the research now conducted at this ARS location is exclusively to benefit the Louisiana sugarcane industry, it is not an appropriate Federal role. ARS research on genetic resource maintenance and improvement of sugarcane will continue at Canal Point, Florida, for the benefit of the nationwide industry, including that in Louisiana.

Jackson, Tennessee (\$166,800)

Current research objectives at Jackson are to evaluate enhanced soybean germplasm with resistance to the cyst nematode and to study the influence of resistant germplasm on the development of new pathogenic races of the nematode. This research has been successful but there is now a need to close this location. It is more appropriate to conduct the research at Stoneville, Mississippi, as an objective of an existing research program on breeding improved soybean varieties for the entire mid-south region.

Orono, Maine (\$866,900).

The ARS research program at Orono, Maine, deals with crop management and soils management research which impacts potato production, principally the locally-based potato industry. Although this production area serves national markets, the most important research contributed by ARS is the genetic improvement of potatoes to resist plant diseases. ARS will continue to supply this important technology to the Maine potato industry from existing national-scoped programs at Beltsville, Maryland, and Madison, Wisconsin. ARS will maintain in Maine a field evaluation site to test new, improved potato varieties and other germplasm lines for resistance to plant diseases. In this way, the most important technological needs of the Maine potato industry will continue to be met by ARS. The research to be terminated is deemed to be less critical given the constrained budget climate under which the Federal Government must now operate.

Sidney, Montana (\$231,100)

The mission of the location is to develop sustainable farming systems for the Northern Great Plains, including dryland and irrigated crop production. As a satellite from Bozeman, the unit is also working on biocontrol of leafy spurge and other range weeds. The laboratory also has research programs on water conservation, erosion control, and crop production. However, similar work is carried on at Bozeman, Montana; Mandan, North Dakota; Cheyenne, Wyoming; and Akron, Colorado. The Agency can serve the needs of the Northern Plains more effectively from these remaining four locations.

Headquarters and Area Management Reduction (\$586,100)

In addition to terminations in direct research projects proposed herein, the Agency is proposing savings through a reduction in administrative and program management support. Reductions will be taken at the Washington, D.C. Headquarters and Area management offices.

g) A decrease of \$7,897,000 in base program reductions.

The Agricultural Research Service is proposing to reduce a number of research projects carried out under its major activity, Plant Science research. The research to be terminated is deemed to be less critical given the constrained budget climate under which the Federal Government must now operate. The Administration and the Congress are examining all programs to reduce Federal expenditures and the Federal deficit. Savings will be achieved through the elimination and/or reduction of selected research programs, streamlining efficiencies and other management initiatives. ARS will absorb its share of cost reduction by reducing programs and related administrative costs and terminating specific projects implemented through in-house laboratories as well as extramural agreements in Plant Science research operations. Projects include:

- Integrated Management of Rhizoctonia Seedling Disease in Alfalfa.
- Systematics of Agriculturally Important Grasses Related to Sugarcane.
- Determine Effect of Allelochemicals/Micro-organisms of Potato.
- Biochemical Determinants for Gametogenesis and Disease Resistance in Forage Species.
- Pest Management of Sugar Maples.
- Genetic Manipulation Techniques in Rice and Oats.
- Molecular Approaches for Improvement of Sugarcane.
- Breed Improved Pineapple Cultivars.
- Develop Acceptable Methods of Control of Papaya Ringspot Virus.
- Improvement of Postharvest Quality of Sugarbeets.
- Impact of Environmental Factors and Genetic Variability on Photosynthesis.
- Effects of Environment on Weed/Crop Competition and Competitive Ability.
- Control of Perennial and Annual Weeds.
- Potato Aphid and Colorado Potato Beetle.
- Pest Management Control of Yellow Star Thistle.
- Sensor Modeling and Equipment to Minimize Handling Damage for Fruits and Vegetables.
- Control Strategies for Insect Pests of Pecan.
- Reduction of Synthetic Chemical Residues on Cured Leaf and Screening of Nicotiana Species for Potential.
- Plant Defense via Lipoxygenase Pathway Enzymes.
- Reproductive Physiology - Pollen-Pistil Interactions Leading to Fertilization.
- Biologically Active Compounds in Nicotiana Species and Selected Tobacco Cultivars.

h) An increase of \$5,000,000 for research on Integrated Pest Management (IPM).

The objective of IPM research is to provide ways for controlling pests by practices that are cost-effective, benign to the environment, minimize development of pest resistance, and are sustainable in the long term. Cost-effective pest control remains one of the most important aspects of agricultural production systems. Societal concerns with environmental protection and food safety have given rise to the need for strategies that minimize chemical pesticide usage. Further, use of chemicals with broad toxicity has produced pest resistance and loss in treatment effectiveness. There is also a need to develop alternatives to pesticides under regulatory scrutiny to provide farmers adequate means to control pests.

Strategies for pest management must shift from primary reliance upon chemicals to integrated strategies which conserve natural controls and combine multiple approaches. Integrated strategies may include host resistance, cultural management, biological control, biorational agents (e.g., insect growth regulators and pheromones), natural products, and chemical pesticides when

necessary. New, environmentally benign but efficacious integrated technologies must be developed, particularly for those crop/pest combinations that are vulnerable to loss, or limited by the number of effective management alternatives. Where use of biocontrol agents is appropriate, they must be evaluated for effectiveness and their effect on other pest species, and fully integrated into an IPM strategy. Since pests are mobile and can enter or leave a test site composed of a single field, areawide ecosystem based evaluation of IPM strategies is essential.

The ability to discover and exploit pest-specific IPM components depends upon a greater level of fundamental taxonomic knowledge than is presently available for most groups of pests and beneficial organisms. Basic studies in taxonomy are needed that fully integrate with IPM initiatives and focus on pests and their biocontrol agents for use in agricultural ecosystems.

Research will be expanded in the following areas:

- o Pest Management Technologies (\$4,250,000). The Administration has established an aggressive goal for the implementation of IPM practices on 75 percent of crop acres by the year 2000. Meeting this goal will require a carefully coordinated effort among performers of research and education at the Federal level and in cooperating State institutions. A wide spectrum of issues needs to be resolved, requiring research ranging from fundamental studies of insect biology to development and testing of integrated systems. In order to guide this effort, an IPM Strategy has been prepared to set forth the overall objectives and operating principles. A central feature of the Strategy is a priority setting mechanism that involves users of technology in helping to identify and prioritize needs for research and education programs. Priorities arising through this system will guide the efforts of increased programs proposed for 1996 as well as ongoing programs. A detailed implementation plan, setting forth specific goals, milestones, operating procedures and agency responsibilities has been prepared to assure the close planning and coordination of all of the program elements.

Recognizing the need to coordinate efforts among Federal agencies to anticipate and respond quickly to actions that reduce pest control options, USDA and EPA signed a Memorandum of Understanding in August 1994. The MOU sets forth a process to identify needs and conduct research and education necessary to meet those needs. ARS will work with CSREES and other agencies to address needs identified through this process.

ARS will continue to collaborate with other public and private entities to demonstrate through pilot tests and the development of decision support systems, the economic and environmental benefits of species-specific pest management technologies. These tests will include areawide pest management approaches, which offer long-term sustainable solutions to agricultural pest management problems. New and improved application technologies, precision farming techniques, and decision support systems will also be developed to reduce usage/risk from pesticides in economically and environmentally sustainable production systems. Potential areawide pest management pilot studies include codling moth on tree fruits, corn rootworm, pink bollworm on cotton, tobacco budmoth on cotton, and potato insects. By the year 2000, three areawide pest management systems will have been comprehensively evaluated and demonstrated to establish their economic, practical, and environmental feasibility. This work supports the Department's commitment to implementing biologically-based IPM on 75 percent of the Nation's croplands.

- o Improved Taxonomy of Pests and Beneficial Insects (\$750,000). Fundamental research will be expanded to improve the ability to rapidly distinguish species and biotypes of pests and biological control agents, and respond quickly with molecular and morphometric taxonomic characterization of high priority pests. Research on specie clusters that include high priority pest and beneficial organisms will be intensified so that the powerful predictive

value of phylogenetic understanding can be used to focus the search for pest-specific IPM components. This knowledge base is essential to understanding the specific requirements of each species or biotype for completion of its life cycle, and the relationship of one species to another. Expert systems will be developed to facilitate rapid identification of critical organisms by nonspecialists for regulatory and research purposes and for decisionmaking by farmers in the field. First generation expert systems will be developed by year 2000 to facilitate rapid identification of pests by nonspecialists in the field. By year 2000, this initiative will also enhance use of molecular information on pest species and thereby increase the rate of development of biological components of IPM to meet the Department's commitment to implementing biologically-based IPM on 75 percent of the Nation's croplands.

i) An increase of \$1,000,000 for research on Biodiversity.

Preservation, availability, and utilization of agricultural biodiversity of plants help ensure that an adequate supply of food, fiber and industrial crop products will be available at a reasonable cost in the future. With the potential of more restrictions on international germplasm exchange, USDA's germplasm program must ensure that important plant germplasm collections in the U.S. are well preserved, free from pathogens, and have adequate quantities for distribution available to users. Documentation concerning horticultural and agronomic characteristics, as well as critical genes, will ensure effective use of agricultural plant biodiversity.

Genetic maps to locate economic trait loci of agricultural importance are critical to public and private sector plant breeders working with seed and nursery crops for producing new varieties. This knowledge and subsequent crop improvements are essential if the U. S. is to compete in world markets. It is further essential that this effort be accelerated. Newly acquired data suggest that all cereal crops have closely related DNA gene structures. If a foreign country identifies and patents critical genes in rice, that country will likely create a serious hurdle to U.S. variety development by patenting the same critical genes that are found in all cereal crops. Such action would adversely impact research advancement in the U. S. public and private sectors.

Research will be strengthened by enhancing protocols for preserving germplasm material as well as locating agricultural traits by using intense molecular methods. In addition, the Agency, along with the National Resource Conservation Service, will participate in the Administration's Biomass-To-Energy Initiative with targeted crop development research.

- o Biodiversity Preservation (\$750,000). Research will be conducted to develop improved methods for long term preservation of selected seed and vegetatively propagated plant germplasm. This information will lead directly to improved storage practices, reduced need and high cost of regeneration, reduced genetic shift, and higher quality seed sent to users. It will result in better security backup for vegetatively propagated germplasm maintained in field orchards. Results of this research will be directly implemented by the respective USDA storage facilities.

Growout of germplasm at western U.S. sites will reduce disease infection and improve seed quality and germinability. A controlled growout management regime will be utilized to produce higher quality seed for the genebanks. Higher quality seed will, in turn, increase the storage life-cycle time and reduce costs of regeneration.

New technologies will be developed to facilitate international exchange of germplasm and the supporting documentation. Currently, horticultural crop germplasm is held in quarantine for unacceptably long time periods for tests to ensure freedom from pathogens. Often this results in loss of valuable germplasm material before it can be adequately preserved. Molecular technology will be developed for reliably detecting and identifying pathogens

of quarantine significance in fruit crop germplasm within acceptable timeframes. Research will be focused on the most dangerous of these pathogens, such as plum pox virus and deciduous tree fruit viroids. This technology will be applied as soon as reliability of the technology is scientifically demonstrated. Additionally, database refinement for plant genetic resources will enable more efficient screening of genebank materials for use in crop improvement programs. Sharing of this software with users around the world will enable the U.S. standard to be instituted to the advantage of U.S. breeders and genebank managers desiring access to information in other countries' genebanks.

- o **Genomic Mapping (\$250,000).** Identification of economic trait loci in agronomic crop species will be undertaken using new molecular methods. By identification of critical loci controlling production or nutritionally important traits, this public information will block others' potential patents, stimulate further research, and enable a broader community of breeders to put the knowledge into practice. The molecular maps on major grass species, e.g., wheat and rice have reached a point where marker assisted selection using this information may also be attempted.

(3) A net decrease of \$1,409,000 for research on Animal Sciences, consisting of:

- a) An increase of \$1,756,000 which includes \$436,000 for the annualization of the FY 1995 pay raise, and \$1,320,000 for the anticipated FY 1996 pay raise.
- b) An increase of \$1,773,000 for increased operating costs.
- c) A decrease of \$1,196,000 for administrative overhead.

In support of the Administration's efforts to reduce Federal administrative overhead costs, ARS is decreasing its expenditures in this area by \$1,196,000. In order to achieve these savings, ARS will reduce discretionary expenses by \$1,196,000 in FY 1996 in areas such as travel, printing, communications, supplies and materials, contracting, consultants, and extramural activities.

- d) A decrease of \$2,051,000 for staff reductions.

In support of the Administration's efforts to reduce Federal employment levels, ARS is decreasing its staffing by 17 FTE thereby saving \$2,051,000.

- e) A decrease of \$42,000 for FTS 2000 reduction.

This decrease reflects lower long distance telecommunications prices due to price redeterminations in the FTS 2000 contracts.

- f) A decrease of \$302,000 which reflects reductions from the closeout of research laboratories.

The budget recommendations include the elimination of selected research locations. Streamlining the USDA research activities will result in savings which will be directed to achieve critical research initiatives. More effective utilization of remaining laboratories will result in lower overhead costs. Research at the following locations is proposed for termination:

El Reno, Oklahoma (\$272,100)

The mission of the Grazinglands Research Facility at El Reno is to increase the efficient production of lean red meat from forages by increasing the quantity and quality of forages. A soil/forage/animal systems research approach to meat production is the main research emphasis at El Reno. Facilities are old and badly in need of upgrading/modernization, especially the feedlots, fences, other infrastructure, etc. Similar research is being conducted by ARS at Clay Center,

Nebraska and Miles City, Montana. The research programs at these locations can meet the research needs of clients located in different ecological production areas of the United States.

Headquarters and Area Management Reduction (\$29.900)

In addition to terminations in direct research projects proposed herein, the Agency is proposing savings through a reduction in administrative and program management support. Reductions will be taken at the Washington, D.C. Headquarters and Area management offices.

g) A decrease of \$3,847,000 in base program reductions.

The Agricultural Research Service is proposing to reduce a number of research projects carried out under its major activity, Animal Science research. The research to be terminated is deemed to be less critical given the constrained budget climate under which the Federal Government must now operate. The Administration and the Congress are examining all programs to reduce Federal expenditures and the Federal deficit. Savings will be achieved through the elimination and/or reduction of selected research programs, streamlining efficiencies and other management initiatives. ARS will absorb its share of cost reduction by reducing programs and related administrative costs and terminating specific projects implemented through in-house laboratories as well as extramural agreements in Animal Science research operations. Projects include:

- Biotechnology Research and Development, Animal Health Consortium.
- Ecology, Population Dynamics/Control of Tick Vectors in Areas of High Lyme Disease.
- Aquaculture Productivity Research.
- Pharmacokinetic Models for Persistent Toxic Chemicals in Farm Animals.
- Regulation of Gene Expression for Muscle Development in Turkeys.

h) An increase of \$2,500,000 for Preharvest Food Safety Research in Animals to Reduce Pathogens that Can Adversely Impact Human Health.

The USDA Pathogen Reduction Task Force, established by the Secretary in late 1993, provides leadership, coordination and oversight of the Department's programs to ensure a safe and wholesome meat and poultry food supply. The "farm-to-table" concept, adopted as a strategic framework, underscores the need to focus on pathogen reduction research activities across this continuum. This continuum is effectively segmented into three areas: live animal, slaughter and processing, and food preparation and consumption. ARS, in conjunction with others such as APHIS, CDC and CSREES will develop specific projects and work with these agencies to expedite transfer of new approaches to farmers in the live animal sector.

Exposure, infection and contamination of animals by certain bacteria and parasites during production is a known source of pathogens in our meat-based foods. Several components of the live animal sector offer opportunity for significant reduction of pathogens in the animals presented for slaughter. The host-pathogen relationship of microbial organisms important to food safety must be elucidated and production systems must be modified to reduce stress, a major risk factor for infection. Nutritional and other science-based strategies are needed to enhance innate immune system competencies to reduce infection rates.

Rapid on-farm diagnostic tools and sampling techniques are needed for detecting the presence of pathogens in live animals and their production environment. ARS scientists have already developed gene maps in the four major livestock and poultry species and are positioned to use this technology to address the preharvest food safety problems. Combination of the new technologies of gene mapping, identification of gene function, and DNA testing will permit the

development of many rapid DNA testing procedures. These methodologies will be essential to gaining the desired information on epidemiology, microbial physiology and microbial ecology identified by the Pathogen Reduction Task Force. Within the next 3-5 years, at least 50 tests will be developed to reduce the chances for the infection of human beings from foodborne pathogens or parasitic diseases.

New technologies will be developed to prevent contamination of animals and animal products by foodborne pathogens and parasites.

- o Host-Pathogen Relationship (\$1,150,000). Define genetic control of the host-pathogen relationships at the DNA level by developing new technologies that permit genetic identification and selection of animals that are resistant to foodborne pathogens of human beings.
- o Rapid Diagnostic Tests (\$750,000). Develop rapid, specific, and sensitive DNA-based diagnostic tests to identify infected animals, prevent preharvest infection, and control infection and contamination of livestock and poultry before they are sent to slaughter.
- o Production Systems to Improve Immunological Competence (\$600,000). Establish new approaches to produce, manage, and handle livestock to reduce stress and enhance the immunity of farm animals to parasites and foodborne pathogens.

(4) A net decrease of \$1,908,000 for research on Commodity Conversion and Delivery, consisting of:

- a) An increase of \$1,835,000 which includes \$456,000 for the annualization of the FY 1995 pay raise and \$1,379,000 for the anticipated FY 1996 pay raise.
- b) An increase of \$2,168,000 for increased operating costs.
- c) A decrease of \$1,463,000 for administrative overhead.

In support of the Administration's efforts to reduce Federal administrative overhead costs, ARS is decreasing its expenditures in this area by \$1,463,000. In order to achieve these savings, ARS will reduce discretionary expenses by \$1,463,000 in FY 1996 in areas such as travel, printing, communications, supplies and materials, contracting, consultants, and extramural activities.

- d) A decrease of \$2,142,000 for staff reductions.

In support of the Administration's efforts to reduce Federal employment levels, ARS is decreasing its staffing by 18 FTE thereby saving \$2,142,000.

- e) A decrease of \$52,000 for FTS 2000 reduction.

This decrease reflects lower long distance telecommunications prices due to price redeterminations in the FTS 2000 contracts.

- f) A decrease of \$2,094,000 which reflects reductions from the closeout of research laboratories.

The budget recommendations include the elimination of selected research locations. Streamlining the USDA research activities will result in savings which will be directed to achieve critical research initiatives. More effective utilization of remaining laboratories will result in lower overhead costs. Research at the following locations is proposed for termination:

Clemson, South Carolina (\$987,100)

The ARS program at Clemson, South Carolina, is devoted to two aspects of cotton quality research--identification and elimination of the causative agent of

byssinosis, a worker safety issue, and development of an automated, objective system for grading cotton. The High Volume Instrumentation (HVI) developed by this laboratory is now the standard for grading of all U.S. cottons. This project, and the byssinosis project which has met essentially all of its objectives, will be terminated. Two other projects that provided support for further development of methods for assessment of cotton fiber performance and end-use quality will be consolidated with programs at the Southern Regional Research Center, New Orleans, Louisiana, to increase program emphasis on this important issue. This consolidation is deemed essential given the constrained budget climate under which the Federal Government must now operate. The Cooperator space currently occupied by ARS will revert back to Clemson University.

Miami, Florida

The Subtropical Horticultural Research Laboratory in Miami has two distinct programs -- acquisition, maintenance, and distribution of subtropical and tropical germplasm of agricultural importance, and development of technologies to maintain quality and eliminate quarantine barriers for subtropical and tropical fruits and vegetables. Available operating funds at this location are far below Agency standards and requirements. Tropical and subtropical fruit orchards in the South Florida area were severely damaged by Hurricane Andrew and reestablishment of commercial scale fruit production in this area in the long-term is questionable. The hurricane also damaged the Miami facility and the extensive repairs required for the long term are not deemed cost beneficial to agency programs and the public. Additionally, unrelenting urban encroachment dictate consolidation of these activities at other relevant Agency locations. Transfer of the germplasm to Agency facilities at Mayaguez, Puerto Rico, and Hilo, Hawaii, will consolidate appropriate conservation programs, increase management efficiency and eliminate possibility of frost damage to temperature sensitive materials. Essential programs for developing alternatives to methyl bromide for quarantine and postharvest quality will be transferred and consolidated in Orlando, Florida.

East Grand Forks, Minnesota (\$899,400)

The Potato Research Laboratory at East Grand Forks has successfully resolved postharvest handling and storage issues by defining the relevant variables and developing an expert system to guide producers and processors in storage loss prevention. Current research emphasis is on variety evaluation for end use quality, and identification of biorational means for controlling sprouting. This research is also addressed at the Agency's Northern Crop Science Laboratory in Fargo, North Dakota, where there is the critical mass of scientific disciplines lacking at the East Grand Forks location.

Headquarters and Area Management Reduction (\$207,500)

In addition to terminations in direct research projects proposed herein, the Agency is proposing savings through a reduction in administrative and program management support. Reductions will be taken at the Washington, D.C. Headquarters and Area management offices.

g) A decrease of \$5,160,000 in base program reductions.

The Agricultural Research Service is proposing to reduce a number of research projects carried out under its major activity, Commodity Conversion and Delivery research. The research to be terminated is deemed to be less critical given the constrained budget climate under which the Federal Government must now operate. The Administration and the Congress are examining all programs to reduce Federal expenditures and the Federal deficit. Savings will be achieved through the elimination and/or reduction of selected research programs, streamlining efficiencies and other management initiatives. ARS will absorb its share of cost reduction by reducing programs and related administrative costs and terminating

specific projects implemented through in-house laboratories as well as extramural agreements in Commodity Conversion and Delivery research operations. Projects include:

- Biotechnology Research and Development Consortium.
- Breed Improved Pineapple Cultivars.
- Develop Acceptable Methods of Control of Papaya Ringspot Virus.
- Technology Development for Increased Value Products from Sugarcane.
- Quality Assurance of Food Products from Livestock Grazing Rangeland Weeds.
- Potential Use of Bioactive Proteins.
- Identify Controlling Mechanisms Associated With Quality of Reduced Fat Meat Products.
- Physical-Chemical Methods for Determining Antibiotic Residues in Tissues and Milk of Food Producing Animals.
- Genetic Engineering of Fungal Phytase.
- Pesticide Formulations for Protection of Environmental Quality.
- Biologically Active compounds in Nicotiana Species and Selected Tobacco Cultivars.

h) An increase of \$5,000,000 on research on Food Safety to Strengthen the Postharvest Pathogen Reduction Program.

Two of the sectors in the "farm-to-table" strategic framework adopted by the USDA Pathogen Reduction Task Force are part of postharvest handling, slaughter, processing and food preparation activities. Implementation of the HACCP (Hazard Analysis and Critical Control Point) approach to pathogen control and development of a science-based risk assessment inspection system, identified as major objectives for pathogen reduction by the Task Force, will require full coordination and collaboration among USDA agencies (ARS, APHIS, CSREES, FSIS) and FDA and CDC. Close collaboration and evaluation of newly devised technologies will also be essential for rapid acceptance and implementation by the industry. Expanded research is essential in several areas: intervention strategies, processing methods, monitoring systems, sampling methods, diagnostic tools and risk assessment. Each of these areas is important to the timely development of a science-based inspection system that meets the Department's commitment to provide consumers with wholesome and safe meat and poultry products.

A critical gap in knowledge of practices to assure microbial safety of products of aquaculture also exists. While FDA has published a draft manual for HACCP for pelagic fish species, there is no equivalent for aquaculture production and significant differences in approach will be required.

Research will be expanded in the following areas:

- o **Intervention Strategies (\$1,500,000).** Research will focus on development of means to prevent pathogen shedding prior to and during slaughter, and prevent adhesion of pathogens to process equipment and product. A fundamental understanding of the mechanisms involved in both shedding and adhesion is essential to development of intervention strategies.
- o **Pathogen Reducing Slaughter Processes and Sensors/Controls for HACCP Validation (\$1,500,000).** Research on alternative postslaughter treatment will be expanded to evaluate new antimicrobial agents and physical means for pathogen reduction. On-line sensor and control methodologies will be devised for critical points in the slaughter and processing systems that are indicative of the effectiveness of HACCP. Introduction of HACCP principles to aquaculture production and processing of tilapia and hybrid striped bass will be accomplished by establishing a new Center of Excellence at Delaware State University (an 1890 land-grant university) to initiate a cooperative program for the enhancement and safety of aquaculture products. Industry, from both processing and sensor sectors, will be included as collaborators at the earliest point possible in each component of this research.

- o Food Pathogen Risk Assessment Technologies (\$1,000,000). Research describing the biological parameters of food pathogens under different environmental conditions will be expanded to include different processing and product parameters. Results will be incorporated into predictive models and expert systems for use in risk assessment and as guides for HACCP control procedures.
- o Rapid Pathogen Diagnostic and Detection Methods (\$1,000,000). New diagnostic and detection methods will be developed for specific food pathogens, primarily *E. Coli*, salmonella, campylobacter and listeria, for rapid identification and quantification of pathogens in different food matrices as confirmatory tests in monitoring HACCP.

(5) A net increase of \$9,060,000 for research on Human Nutrition, consisting of:

- a) An increase of \$328,000 which includes \$81,000 for the annualization of the FY 1995 pay raise and \$247,000 for the anticipated FY 1996 pay raise.
- b) An increase of \$1,003,000 for increased operating costs.
- c) A decrease of \$677,000 for administrative overhead.

In support of the Administration's efforts to reduce Federal administrative overhead costs, ARS is decreasing its expenditures in this area by \$677,000. In order to achieve these savings, ARS will reduce discretionary expenses by \$677,000 in FY 1996 in areas such as travel, printing, communications, supplies and materials, contracting, consultants, and extramural activities.

- d) A decrease of \$383,000 for staff reductions.

In support of the Administration's efforts to reduce Federal employment levels, ARS is decreasing its staffing by 3 FTE thereby saving \$383,000.

- e) A decrease of \$24,000 for FTS 2000 reduction.

This decrease reflects lower long distance telecommunications prices due to price redeterminations in the FTS 2000 contracts.

- f) A decrease of \$187,000 in base program reductions.

The Agricultural Research Service is proposing to reduce research projects carried out under its major activity, Human Nutrition research. The research to be terminated is deemed to be less critical given the constrained budget climate under which the Federal Government must now operate. The Administration and the Congress are examining all programs to reduce Federal expenditures and the Federal deficit. Savings will be achieved through the elimination and/or reduction of selected research programs, streamlining efficiencies and other management initiatives. ARS will absorb its share of cost reduction by reducing programs and related administrative costs and terminating specific projects implemented through in-house laboratories as well as extramural agreements in Human Nutrition research operations. Projects include:

- Develop Animal Models to Assess the Effect of Maternal Zinc Status on Neonate Skin Growth and Immune Function.

- g) An increase of \$9,000,000 for research to improve Human Nutrition and Health.

Nutrition monitoring consists of a broad range of activities to systematically and periodically assess the dietary and nutritional status of the American people and the conditions that affect nutritional status. ARS provides the primary nationwide dietary surveys and the food composition data that are used in all food consumption surveys. Limitations of knowledge on continuing intakes of food

on an individual basis for specific age and sex groups of the population, on household food consumption, and on determinants of food intake serve as impediments to risk assessment and policy development. Dietary and food consumption patterns of infants and children are a special need of EPA in responding to the National Research Council's recommendation for improving exposure estimates to pesticides. An expanded data base for these age groups is necessary for accurate estimates of the pesticide burden in children and for Federal science-based pesticide use policies.

There is a continuing need to incorporate new analyses of food nutrients, new foods and new components of food into the National Nutrient Data Bank. Lack of knowledge of the food content of new classes of nutrients, and lack of standardization of methods and Standard Reference Materials constrain our ability to properly determine their role in the human diet and to effectively implement school lunch, food stamps and other USDA programs that have an impact on the health status of the population.

Knowledge of how nutrients affect genetic expression during development, and the effect of dietary factors on risk factors for cancer, cardiovascular, and degenerative diseases is essential. This knowledge will be used to advise the population on diet selection to enhance health and thus contribute to control of health care costs. Increased knowledge of energy, protein and mineral requirements during growth, and during development of body organs of infants and of adolescent mothers are particularly important to WIC, school lunch and other programs on food and nutrition education assistance in the Department. Knowledge of the role of diet in neurological, cognitive and muscle function during aging is critical to improving the well-being and independence of our aging population. With increasing knowledge, multiple nutrient functions could be integrated into decision models for recommending dietary allowances at specific ages and development stages. Improved knowledge of nutrient factors will be applicable to developing appropriate nutritional status assessment tools.

Insufficient knowledge also restrains our ability to devise effective nutrition intervention strategies to improve the health and well-being of specific populations particularly those in rural areas. Adequate knowledge of community characteristics, food behavior and environment, nutrient intake, and nutritional status must be developed before appropriate changes can be designed and evaluated. Advances in all of these areas will provide a foundation for improvement in population health and serve as both a national and international model.

Expansion of research in the following areas will provide the data needed by EPA to improve the accuracy of the pesticide exposure risk assessment for children by 1998; significantly enhance the integration of USDA and NIH data on nutrient intake and nutritional status of the population derived from the next NHANES survey; and expand the knowledge needed for policy decisions.

- o **Nutrition Monitoring and Food Composition (\$7,000,000).** A special survey of the food consumption of infants and children will be designed, pilot tested, and conducted to support EPA's need for data to determine the pesticide risk to infants and children. Guidance from the GAO and Census Bureau studies of costs of food consumption surveys will be used in conducting the research.

New procedures will be devised to integrate the results from the continuing food consumption surveys with the Nutrition and Health Examination Surveys of the National Center for Health Statistics. Processes for periodic Household Food Consumption Surveys will be improved to support the action goals of the Food and Consumer Service (FCS), FSIS, FDA and EPA. To upgrade the National Nutrient Data Bank, computer programming will be revised and user-friendliness enhanced to improve cooperation with data suppliers, particularly the food industry.

- o Diet Effects on Nutrition (\$1,000,000). Research will be expanded on the energy, protein and micronutrient needs for growth and development of muscle, bone, and organ functions related to genetic expression. New approaches to nutrient needs of the elderly to maintain cognitive and neurological functions, as well as muscle and bone strength will be made. Interactions of food components such as antioxidants in decreasing risk of disease will be targeted.
- o Nutrition Intervention Approaches and Evaluation (\$1,000,000). Research on nutrient needs and strategies to effect public acceptance of change in dietary habits will be undertaken. Determination of community characteristics, food behavior and environment, nutrient intake, and nutritional status of selected populations is essential to plan intervention strategies and establish efficacy. The Lower Mississippi Delta region will be the field research area for assessment of nutritional needs and evaluation of the effectiveness of intervention strategies.

(6) A net decrease of \$1,751,000 for research on Integration of Agricultural Systems, consisting of:

- a) An increase of \$223,000 which includes \$55,000 for the annualization of the FY 1995 pay raise and \$168,000 for the anticipated FY 1996 pay raise.
- b) An increase of \$463,000 for increased operating costs.
- c) A decrease of \$312,000 for administrative overhead.

In support of the Administration's efforts to reduce Federal administrative overhead costs, ARS is decreasing its expenditures in this area by \$312,000. In order to achieve these savings, ARS will reduce discretionary expenses by \$312,000 in FY 1996 in areas such as travel, printing, communications, supplies and materials, contracting, consultants, and extramural activities.

- d) A decrease of \$261,000 for staff reductions.

In support of the Administration's efforts to reduce Federal employment levels, ARS is decreasing its staffing by 2 FTE thereby saving \$261,000.

- e) A decrease of \$11,000 for FTS 2000 reduction.

This decrease reflects lower long distance telecommunications prices due to price redeterminations in the FTS 2000 contracts.

- f) A decrease of \$621,000 which reflects reductions from the closeout of research laboratories.

The budget recommendations include the elimination of selected research locations. Streamlining the USDA research activities will result in savings which will be directed to achieve critical research initiatives. More effective utilization of remaining laboratories will result in lower overhead costs. Research at the following locations is proposed for termination:

East Grand Forks, Minnesota (\$60,900)

The Potato Research Laboratory at East Grand Forks is a partner in a Federal-State-private industry collaboration to improve quality and reduce postharvest losses for the farmer, handler and processor. The laboratory has successfully resolved postharvest handling and storage issues by defining the relevant variables and developing an expert system to guide producers and processors in storage loss prevention.

El Reno, Oklahoma (\$498,700)

The mission of the Grazinglands Research Facility at El Reno is to increase the efficient production of lean red meat from forages by increasing the quantity and quality of forages. A soil/forage/animal systems research approach to meat production is the main research emphasis at El Reno. Facilities are old and badly in need of upgrading/modernization, especially the feedlots, fences, other infrastructure, etc. Similar research is being conducted by ARS at Clay Center, Nebraska and Miles City, Montana. The research programs at these locations can meet the research needs of clients located in different ecological production areas of the United States.

Headquarters and Area Management Reduction (\$61,400)

In addition to terminations in direct research projects proposed herein, the Agency is proposing savings through a reduction in administrative and program management support. Reductions will be taken at the Washington, D.C. Headquarters and Area management offices.

g) A decrease of \$1,432,000 in base program reductions.

The Agricultural Research Service is proposing to reduce a number of research projects carried out under the Integration of Agricultural Systems activity. The research to be terminated is deemed to be less critical given the constrained budget climate under which the Federal Government must now operate. The Administration and the Congress are examining all programs to reduce Federal expenditures and the Federal deficit. Savings will be achieved through the elimination and/or reduction of selected research programs, streamlining efficiencies and other management initiatives. ARS will absorb its share of cost reduction by reducing programs and related administrative costs and terminating specific projects implemented through in-house laboratories as well as extramural agreements in the Integration of Agricultural Systems research operations. Projects include:

- Remote Sensing and Associated Techniques Used for Production Decisions.
- Database Management and Emphasis on Terrestrial Systems (CIESIN).

h) An increase of \$200,000 to support Rural Development.

Technologies for efficiency of production and quality in animals and plants have increased efficiency; however, these new technologies need to be more effectively "packaged" into usable practices for transfer to small producers in rural communities. Individuals living in rural communities can overcome poverty through education, however, they seldom can do this by themselves. Cooperatives are basically self-help organizations that provide a business structure and social organization for improving the economic and general welfare of rural people. When education, research programs, and a cooperative are developed at the same time, rural communities can significantly increase the efficiency of producing high-quality products. This new approach is needed to keep production costs low and make rural producers very competitive in the marketplace.

Mississippi is seventy percent rural and has the highest percentage of people living in poverty. Traditionally, 1862 land-grant colleges have served as the primary focal point for education on cooperatives and related programs. Establishment of formal programs on cooperatives as part of the curriculum in the 1890 land-grant system offers great opportunity for rural development.

In cooperation with the Rural Business and Cooperative Development Service of the Department, it is proposed that a Center of Excellence be established at Alcorn State University, the oldest historically black land-grant university in the Nation. The objectives of the Center include: revitalization of hog farming in rural Mississippi; improvement of the hog breeding stock in Mississippi;

establishment of a viable educational and extension program on cooperatives; and development of a credible, sustainable rural development program utilizing the cooperative model that could be translated to a national level. This should be attainable by the year 2001.

The ARS research program will develop practical breeding, management, nutrition and health regimen specific to the region and size of the operation. Industry will provide stock from different breeds, strains or lines of sows and boars for performance evaluation of efficiency and carcass quality at slaughter.

(7) A net increase of \$1,227,000 for agricultural information and library services consisting of:

- a) An increase of \$197,000 which includes \$38,000 for the annualization of the FY 1995 pay raise, and \$159,000 for the anticipated FY 1996 pay raise.
- b) An increase of \$299,000 for increased operating costs.
- c) A decrease of \$264,000 for administrative overhead.

In support of the Administration's efforts to reduce Federal administrative overhead costs, NAL is decreasing outlays in this area by \$264,000. In order to achieve these savings, NAL will reduce discretionary expenses by \$264,000 in FY 1996 in areas such as travel, printing, communications, supplies and materials, contracting, consulting and extramural activities.

- d) A decrease of \$5,000 for FTS 2000 reduction.

This decrease reflects lower long distance telecommunications prices due to price redeterminations in the FTS 2000 contracts.

- e) A decrease of \$462,000 for the Leflar School of Law, University of Arkansas (\$462,000 available in FY 1995). This decrease reflects the discontinuation of the funding of a grant to the Agricultural Law Library of the Leflar School at the University of Arkansas.
- f) An increase of \$962,000 for NAL's Electronic Information Initiative.

As a result of an intensive internal review and analysis of the library's ability to manage electronic information, a plan was created to provide a clear course of action by which NAL can utilize electronic technologies to improve service and access to information. The plan considers both long-range goals and short-term impact while maintaining an overall goal of effecting a transition from providing information services from a traditional collection of print materials, to providing electronic access to agricultural information in a variety of information formats.

NAL's current paper-based information delivery system has become increasingly inadequate to keep pace with the requirements and computer capabilities of the typical laboratory scientist or policymaker. The spate of information produced in digitized form coupled with telecommunications innovations and the dominance of the Internet, have combined to vastly increase the resources available to the computer literate researcher. Compared to the virtually instant electronic transmission of information via the Internet, the considerable length of time required to provide information through traditional methods is rapidly rendering the traditional model obsolete. Thus, NAL needs to make the transition to this already emerging reality termed "library without walls." This change will enable NAL to shift from providing information services based on printed materials to those services and materials available electronically.

Funding in the amount of \$962,000 will be used during FY 1996 to begin implementation of NAL's Electronic Information Initiative. Funds will be directed to effecting a significant improvement in the methods by which NAL provides information services to its patrons. The two main thrusts of this implementation include:

NAL as gateway to the universe of electronic information. These funds will result in establishing NAL as a gateway to the electronic community. Network Information Discovery and Retrieval tools, such as, Veronica, Cello, Mosaic, the World Wide Web, gopher servers and Archie, will be made available to NAL patrons. By using such resources, NAL users will have the navigational tools to gain access to electronic materials resident anywhere in the world. NAL will also review the feasibility of providing Internet access to its AGRICOLA database, which since 1970 has been the principal source of agricultural information for practitioners and researchers worldwide. The speed and ease of access to these materials will far surpass any service currently available from non-electronic sources.

Books and journals available through computer. NAL will acquire licenses to make both electronic and print books and journals available electronically. These materials will then be available to patrons with access to the Internet. This results in more timely access to information vital to America's continuing health, productivity and competitiveness. Improvements in software will also enhance the user's ability to identify a wider range of material pertinent to their interests. The conversion to electronic data will also result in book stack space savings in the NAL Building and the preservation of information in a more easily retrievable form.

Funds will be used as follows:

Network Connectivity

(Hardware, Software, Maintenance, Training).....\$400,000

Access, Licenses, Purchases.....562,000

Total.....\$962,000

g) An increase of \$500,000 for the National Agricultural Preservation and Storage Program.

The National Agricultural Preservation and Storage Program (NAP&SP) supports NAL's mission to serve as the USDA library and the principal agricultural information resource for the United States. With its collection of 2.1 million volumes, including many unique materials -- manuscripts, archives, rare books, photo collections, botanical art, oral histories, maps and historical posters -- NAL is viewed as the collector of records for U.S. agriculture. The goal of the NAP&SP is to preserve the agricultural and scientific materials which comprise the NAL collection.

The NAP&SP addresses needs which were highlighted by several studies done in recent years. In fiscal year 1992, a consultant-assisted study of the NAL collection found that more than 50 percent of NAL's books are disintegrating or fully deteriorated. A fiscal year 1993 report by the United States Agricultural Information Network (USAIN), recommended that NAL assume the lead role in a national effort to preserve the Nation's agricultural heritage through a cooperative effort involving land-grant institutions, other libraries, societies and archives with important agricultural collections. The report, written by a group of experts in agricultural literature, recommended converting agricultural literature into digital formats as a means of preservation rather than conserving the information on paper. Scanning and digitizing would not only ensure the preservation of the text, but would also make the text "searchable," and thus more useful to researchers.

During fiscal year 1996, NAL will institute guidelines for designating materials for digitization. These guidelines will be based on various selection criteria including: the uniqueness of the research resource; the degree of physical deterioration; and the level of use and circulation. The digital preservation program will be established and operational during fiscal year 1996. The following are two examples of the types of materials that will be electronically preserved using funds provided in fiscal year 1996:

- USDA Office of Foreign Agricultural Relations. Kenaf, a new fiber. Washington, DC: 1948.

The book is a record of the U.S. Department of Agriculture's role in the introduction of kenaf in the Western Hemisphere. In the 1940's, Pakistan and India were producing less jute and it was thought that encouraging the production of kenaf in the Caribbean and Central America would alleviate a potential shortage in the United States. The two copies in the NAL collection are believed to be the only extant copies. Since interest in kenaf as an agricultural crop has reemerged since this book was published, and the techniques it describes are valuable to contemporary growers, this book has been requested by a variety of researchers.

- USDA mimeographed publications. These reports, often produced in limited quantities, include both original research and historical records of the activities of the Department. The quality of the printing and paper varies from brittle to deteriorating due to the high acid content of the paper used. Included in this series are titles such as the USDA Bureau of Entomology's E-Series, which are requested on a regular basis by both agricultural and historical researchers.

The funding increase of \$500,000 will be used to begin the conversion of deteriorated print materials into electronic formats, and, in addition, have the added benefit of simultaneously providing full-text access to the text of the materials. The information will then be preserved using long-lasting optical discs. Since it is now widely believed in the information science community that these discs will withstand deterioration for a minimum of 100 years, this technology provides the best potential for preserving the older deteriorated agricultural and scientific volumes in the NAL collection.

NAL estimates that this increase will fund the conversion of 70,000 pages into electronic page images and machine-readable full text. Page images electronically preserve exact copies of the original printed pages, while vastly reducing the space required to store them. Machine-readable full text provides information access that is far superior to what is possible now using the printed materials, or using page images alone.

The printed materials now awaiting preservation are deteriorated to the point where they must soon be withdrawn from onsite use to prevent the permanent loss of their content. Transferring the information to a digital format will preserve the content on optical discs, interface with the NAL's Electronic Information Initiative, and enable NAL to fulfill its mission with respect to the preservation of agricultural and scientific information.

United States Department of Agriculture
Agricultural Research Service

CONTINGENCY RESEARCH FUND--FY 1994

The Contingency Research Fund, established by Congress in Fiscal Year 1962, is designed to provide a ready source of funds to meet unforeseen and immediate research needs. Releases from the fund are generally made in situations where an emergency funding exists, such as an unexpected scientific "breakthrough," or outbreaks of diseases or pest problems where it appears impractical to wait for consideration of additional funding through the regular budget process. In allocating these funds, the agency policy is to make no commitment beyond the current fiscal year.

1994 Releases

Provide research resources to combat potato late blight	\$180,000
Beltsville, Maryland	\$30,000
Madison, Wisconsin	150,000
Provide research resources to fund specific cooperative agreements on methyl bromide	200,000
Davis, California	\$100,000
Orlando, Florida	100,000
TCK research resources, Manhattan, Kansas	68,143
Replace storm-damaged Center pivots, Clay Center, Nebraska	114,000
Rebuild two snow-damaged structures, Mandan, North Dakota	10,000
Replace/repair electric power poles, generator, fuel, frozen leaf samples, lost chemicals, tree damage and cover overtime costs for cleanup from ice storm, Stoneville, Mississippi	83,480
Replace/repair chemical storage building roof, hay storage shed, bale conveyor and elevator, forage and bale wagons, gates and manure facility damaged by a tornado, Madison, Wisconsin	100,900
Replace roof, dig new drainage ditches and repair roads damaged by flooding, Byron, Georgia	130,000
Replace roof, steel door and pour concrete pad around building damaged by flooding, Griffin, Georgia	10,000
Replace fence posts, lumber, feed mixer, corn and cattle feed bunks damaged by flooding, Brooksville, Florida	<u>32,000</u>
Total, Contingency Research Fund	<u>928,523</u>

Agricultural Research Service
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1994 and Estimated 1995 and 1996

Location	Actual 1994		Estimated 1995		Estimated 1996	
	Dollars	Staff-Years	Dollars	Staff-Years	Dollars	Staff-Years
ALABAMA, Auburn.....	\$2,890,657	35	\$2,776,800	35	\$3,136,800	35
ALASKA, Fairbanks.....	733,344	8	- -	- -	- -	- -
ARIZONA						
Phoenix.....	7,662,937	100	7,968,600	106	7,968,600	106
Tucson.....	3,296,421	45	3,089,100	46	3,449,100	46
Total.....	10,959,358	145	11,057,700	152	11,417,700	152
ARKANSAS						
Booneville.....	1,777,317	20	1,912,100	21	1,912,100	21
Fayetteville.....	1,070,656	11	1,295,300	12	1,295,300	12
Pine Bluff.....	291,900	- -	168,200	3	168,200	3
Stuttgart.....	661,848	5	832,700	7	832,700	7
Total.....	3,801,721	36	4,208,300	43	4,208,300	43
CALIFORNIA						
Albany.....	21,870,276	210	21,697,000	217	21,488,200	222
Brawley.....	284,390	5	306,000	5	- -	- -
Davis.....	1,933,792	28	1,707,300	29	1,707,300	29
Fresno.....	4,677,357	61	5,421,200	61	5,601,200	61
Pasadena.....	1,514,999	19	- -	- -	- -	- -
Riverside.....	4,267,920	49	3,917,600	50	3,917,600	50
Salinas.....	2,044,623	31	2,123,900	32	2,123,900	32
San Francisco.....	4,690,728	40	4,643,300	41	5,318,300	45
Shafter.....	989,782	12	1,057,000	12	1,057,000	12
Total.....	42,273,867	455	40,873,300	447	41,213,500	451
COLORADO						
Akrón.....	1,204,944	20	1,245,900	20	1,245,900	20
Fort Collins.....	11,234,674	143	10,817,300	149	9,369,300	142
Total.....	12,439,618	163	12,063,200	169	10,615,200	162
DELAWARE						
Dover.....	- -	- -	- -	- -	225,000	2
Georgetown.....	600,167	10	- -	- -	- -	- -
Newark.....	1,045,072	12	979,600	14	979,600	14
Total.....	1,645,239	22	979,600	14	1,204,600	16
DISTRICT OF COLUMBIA						
Program.....	5,292,678	64	4,812,600	65	4,812,600	65
Headquarters						
Federal						
Administration.....	52,206,684	737	56,027,900	741	38,939,500	535
Centrally Financed						
Services.....	8,112,105	- -	8,941,400	- -	8,691,400	- -
Subtotal.....	60,318,789	737	64,969,300	741	47,630,900	535
Total.....	65,611,467	801	69,781,900	806	52,443,500	600

Agricultural Research Service
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1994 and Estimated 1995 and 1996

Location	Actual 1994		Estimated 1995		Estimated 1996	
	Dollars	Staff-Years	Dollars	Staff-Years	Dollars	Staff-Years
FLORIDA						
Brooksville.....	767,740	10	735,900	10	735,900	10
Canal Point.....	996,691	22	951,100	22	951,100	22
Fort Lauderdale.....	1,004,402	9	858,400	9	858,400	9
Gainesville.....	10,375,288	138	10,166,500	141	10,166,500	141
Miami.....	1,688,329	32	1,752,100	29	- .	- .
Orlando.....	5,584,893	69	4,694,000	73	5,832,200	98
Winter Haven.....	1,282,876	18	1,279,500	18	1,279,500	18
Total.....	21,700,219	298	20,437,500	302	19,823,600	298
GEORGIA						
Athens.....	15,830,554	184	15,966,600	194	15,783,500	195
Byron.....	2,553,527	38	2,410,600	38	2,410,600	38
Dawson.....	2,114,478	27	2,089,200	28	2,089,200	28
Griffin.....	1,665,358	21	1,669,600	21	1,669,600	21
Savannah.....	2,430,278	39	- .	- .	- .	- .
Tifton.....	8,316,568	109	7,978,100	110	7,940,200	110
Watkinsville.....	2,141,519	22	2,045,100	22	2,045,100	22
Total.....	35,052,282	440	32,159,200	413	31,938,200	414
HAWAII, Hilo.....	8,709,284	89	8,941,300	89	5,557,000	89
IDAHO						
Aberdeen.....	1,830,119	18	2,059,300	19	2,059,300	19
Boise.....	1,798,733	19	1,811,400	19	1,811,400	19
Dubois.....	2,145,549	19	2,090,100	19	2,090,100	19
Kimberly.....	2,673,859	41	2,583,500	42	2,583,500	42
Total.....	8,448,260	97	8,544,300	99	8,544,300	99
ILLINOIS						
Peoria.....	26,414,854	266	26,893,700	282	24,725,300	282
Urbana.....	3,990,721	42	3,661,200	43	3,661,200	43
Total.....	30,405,575	308	30,554,900	325	28,386,500	325
INDIANA, W. Lafayette....	4,365,489	34	4,927,400	38	4,927,400	38
IOWA, Ames/Ankeny.....	26,436,846	357	26,407,000	359	26,824,800	374
KANSAS, Manhattan.....	5,404,905	69	6,616,300	84	6,616,300	84
KENTUCKY, Lexington.....	1,554,222	16	- .	- .	- .	- .
LOUISIANA						
Baton Rouge.....	2,035,516	27	1,965,200	28	1,965,200	28
Houma.....	1,400,064	33	1,382,600	34	- .	- .
New Orleans.....	18,437,294	206	17,829,100	211	17,946,100	211
Total.....	21,872,874	266	21,176,900	273	19,911,300	239
MAINE, Orono.....	894,847	12	866,900	12	- .	- .

Agricultural Research Service
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1994 and Estimated 1995 and 1996

Location	Actual	1994	Estimated 1995		Estimated 1996	
	Dollars	Staff-Years	Dollars	Staff-Years	Dollars	Staff-Years
MARYLAND						
Beltsville.....	95,428,631	1,269	95,134,300	1,288	118,602,000	1,497
Frederick.....	2,118,972	27	2,114,900	27	2,114,900	27
Hyattsville.....	1,736,999	40	- -	- -	- -	- -
Princess Anne.....	- -	- -	225,000	1	225,000	1
Total.....	99,284,602	1,336	97,474,200	1,316	120,941,900	1,525
MASSACHUSETTS, Boston....						
	13,750,456	9	13,847,000	9	14,072,000	9
MICHIGAN, East Lansing...						
	3,987,995	53	4,171,600	55	3,786,600	55
MINNESOTA						
East Grand Forks.....	982,530	9	960,300	5	- -	- -
Morris.....	2,431,968	34	2,440,800	35	2,440,800	35
St. Paul.....	4,537,661	49	4,372,700	50	4,237,700	50
Total.....	7,952,159	92	7,773,800	90	6,678,500	85
MISSISSIPPI						
Lorman.....	- -	- -	- -	- -	180,000	2
Mississippi State.....	6,616,470	93	6,449,200	93	6,449,200	93
Oxford.....	5,345,035	62	5,398,000	62	5,398,000	62
Poplarville.....	855,308	12	808,800	12	808,800	12
Stoneville.....	14,558,024	193	14,582,100	194	15,044,900	198
Total.....	27,374,837	360	27,238,100	361	27,880,900	367
MISSOURI, Columbia.....						
	5,386,960	65	4,982,900	66	4,982,900	66
MONTANA						
Bozeman.....	1,731,039	33	1,652,600	34	1,652,600	34
Miles City.....	2,023,857	21	1,877,100	21	1,877,100	21
Sidney.....	738,418	12	741,600	12	- -	- -
Total.....	4,493,314	66	4,271,300	67	3,529,700	55
NEBRASKA						
Clay Center.....	13,141,441	130	12,611,200	131	14,231,200	141
Lincoln.....	4,413,424	43	4,263,900	44	4,263,900	44
Total.....	17,554,865	173	16,875,100	175	18,495,100	185
NEVADA, Reno.....						
	573,387	8	491,000	8	- -	- -
NEW JERSEY						
Chatsworth.....	515,105	4	514,400	4	- -	- -
NEW MEXICO						
Las Cruces.....	1,535,872	22	1,450,200	22	1,450,200	22

Agricultural Research Service
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1994 and Estimated 1995 and 1996

Location	Actual 1994		Estimated 1995		Estimated 1996	
	Dollars	Staff-Years	Dollars	Staff-Years	Dollars	Staff-Years
NEW YORK						
Geneva.....	1,245,636	8	1,198,800	7	1,198,800	7
Ithaca.....	3,889,028	40	3,684,000	41	3,470,400	38
Greenport.....	9,905,307	52	9,034,300	53	9,034,300	53
Total.....	15,039,971	100	13,917,100	101	13,703,500	98
NORTH CAROLINA						
Oxford.....	1,738,112	27	- -	- -	- -	- -
Raleigh.....	5,862,203	64	5,897,300	65	5,457,200	65
Total.....	7,600,315	91	5,897,300	65	5,457,200	65
NORTH DAKOTA						
Fargo.....	9,985,324	121	9,649,200	121	9,649,200	121
Grand Forks.....	7,521,063	64	7,327,100	64	7,327,100	64
Mandan.....	2,890,123	44	2,817,500	45	2,817,500	45
Total.....	20,396,510	229	19,793,800	230	19,793,800	230
OHIO						
Columbus.....	821,561	10	764,200	10	764,200	10
Coshocton.....	1,110,255	18	969,100	18	969,100	18
Delaware.....	316,517	6	- -	- -	- -	- -
Wooster.....	2,346,320	35	2,350,700	36	2,350,700	36
Total.....	4,594,653	69	4,084,000	64	4,084,000	64
OKLAHOMA						
Durant.....	2,402,783	33	2,470,500	34	2,470,500	34
El Reno.....	1,737,507	23	1,665,800	24	- -	- -
Lane.....	1,694,257	28	1,726,200	28	1,726,200	28
Stillwater.....	2,359,698	31	2,381,100	32	2,381,100	32
Woodward.....	1,415,161	21	1,265,000	21	1,265,000	21
Total.....	9,609,406	136	9,508,600	139	7,842,800	115
OREGON						
Burns.....	520,818	4	494,200	4	494,200	4
Corvallis.....	5,315,724	68	5,619,300	69	5,619,300	69
Pendleton.....	1,483,006	21	1,445,300	21	1,445,300	21
Total.....	7,319,548	93	7,558,800	94	7,558,800	94
PENNSYLVANIA						
University Park.....	2,806,801	43	2,862,000	44	2,551,400	44
Wyndmoor.....	21,037,975	227	21,301,600	242	21,996,700	252
Total.....	23,844,776	270	24,163,600	286	24,548,100	296
SOUTH CAROLINA						
Charleston.....	2,636,732	36	2,593,600	36	2,593,600	36
Clemson.....	1,989,376	31	1,998,300	31	- -	- -
Florence.....	2,069,840	27	1,999,300	27	1,999,300	27
Total.....	6,695,948	94	6,591,200	94	4,592,900	63

Agricultural Research Service
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1994 and Estimated 1995 and 1996

Location	Actual 1994	Staff-Years	Estimated 1995	Staff-Years	Estimated 1996	Staff-Years
	Dollars		Dollars		Dollars	
SOUTH DAKOTA						
Brookings.....	1,767,815	24	1,547,700	25	1,547,700	25
TENNESSEE						
Jackson.....	165,654	2	166,900	2	- -	- -
Lewisburg.....	154,335	1	- -	- -	- -	- -
McMinnville.....	445,468	-	449,900	2	449,900	2
Total.....	765,457	3	616,800	4	449,900	2
TEXAS						
Beaumont.....	1,065,231	18	886,300	18	886,300	18
Brownwood.....	604,177	12	580,800	12	- -	- -
Bushland.....	2,340,376	34	2,329,200	35	2,329,200	35
College Station.....	11,915,924	150	11,102,100	152	11,840,100	161
Houston.....	10,204,324	9	10,167,100	9	10,392,100	9
Kerrville.....	2,623,937	44	2,689,300	45	2,689,300	45
Lubbock.....	3,312,761	59	3,173,100	59	3,713,100	63
Temple.....	3,140,200	42	3,027,700	41	3,027,700	41
Weslaco.....	8,838,804	123	8,389,300	126	8,389,300	126
Total.....	44,045,734	491	42,344,900	497	43,267,100	498
UTAH, Logan.....	5,291,280	45	4,217,900	46	4,217,900	46
VIRGINIA						
Suffolk	651,935	8	- -	- -	- -	- -
WASHINGTON						
Prosser.....	2,585,292	34	2,257,600	35	2,572,600	35
Pullman.....	7,177,102	99	6,583,800	99	6,943,800	101
Wenatchee.....	1,397,008	24	1,461,200	24	1,461,200	24
Yakima.....	3,092,248	59	3,574,900	60	3,574,900	60
Total.....	14,251,650	216	13,877,500	218	14,552,500	220
WEST VIRGINIA						
Beckley.....	3,520,506	54	3,442,900	55	3,442,900	55
Kearneysville.....	6,323,794	61	4,910,800	62	4,910,800	62
Total.....	9,844,300	115	8,353,700	117	8,353,700	117
WISCONSIN, Madison.....	6,119,880	66	5,371,400	66	5,371,400	66
WYOMING						
Cheyenne.....	1,590,379	25	1,621,500	26	1,621,500	26
Laramie.....	1,887,666	24	2,016,500	27	2,016,500	27
Total.....	3,478,045	49	3,638,000	53	3,638,000	53
PUERTO RICO						
Mayaguez.....	2,517,356	49	2,536,200	49	3,150,200	53

Agricultural Research Service
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1994 and Estimated 1995 and 1996

Location	Actual 1994		Estimated 1995		Estimated 1996	
	Dollars	Staff-Years	Dollars	Staff-Years	Dollars	Staff-Years
OTHER COUNTRIES						
Argentina,						
Buenos Aires.....	514,220	- -	371,000	- -	371,000	- -
France, Montpellier....	2,259,226	4	1,860,700	4	1,860,700	4
Mexico, Tuxtla						
Gutierrez.....	869,661	4	915,000	4	915,000	4
Netherlands,						
Rotterdam.....	363,842	1	- -	- -	- -	- -
Total.....	4,006,949	9	3,146,700	8	3,146,700	8
Extramural and						
Program locations to						
be determined.....	15,779,577		33,882,800	- -	27,304,000	- -
Contingency Research						
Fund.....	1)	- -	928,500	- -	928,500	- -
Repair & Maintenance						
of Facilities.....	17,592,499	- -	18,262,400	- -	18,262,500	- -
Unobligated Balance.....	3,837,537	- -	- -	- -	- -	- -
Subtotal, Available						
or Estimate.....	712,660,767	7,996	711,701,000	7,989	700,358,000	7,901
Allotment to						
Forest Service.....	322,233	- -	361,000	- -	361,000	- -
Transfer to Office of						
Secretary.....	141,000	- -	114,000	- -	- -	- -
Transfer to FCS.....	- -	- -	2,218,000	- -	- -	- -
Transfer to Office of						
Civil Rights						
Enforcement.....	- -	- -	295,000	- -	- -	- -
Pay costs.....	- -	- -	- -	- -	9,091,000	- -
TOTAL, Appropriation.....	713,124,000	7,996	714,689,000	7,989	709,810,000	7,901

1) Obligations incurred in 1994 under the Contingency Research Fund in the amount of \$928,523 are reflected in the amount for recipient locations.

AGRICULTURAL RESEARCH SERVICE

STATUS OF PROGRAM

Current activities, progress, and programs under each project are outlined below:

RESEARCH IN SOIL, WATER, AND AIR SCIENCES

Current Activities:

Management guidelines and practices are developed that conserve the Nation's soil, water, and air resources, and that maintain or enhance the quality and productive capacity of these resources in a cost-effective manner. The research stresses the discovery of knowledge and its integration into agricultural land management systems that farmers can use to maintain farm profitability while reducing or reversing adverse impact on long-term productivity and the environment. Emphasis is given to management practices that make better use of available water resources, enhance soil quality and reduce erosion, improve nutrient use efficiency, and provide an optimum environment for crop growth; that protect the quality of the Nation's water resources and conserve its quantity; and that are economically viable. Improved understanding of the effects of global change is stressed, as is devising appropriate response measures to global change. Also stressed is the impact of air quality on agricultural production, as well as the effect of agricultural practices on air quality; and sustainability.

Selected examples of recent progress:

Improved infiltration and organic matter accrued during several years in sod can be retained during subsequent no-till production. The conservation reserve program (CRP) has placed about 34 million acres of cultivated land into perennial grass and legumes for ten years and these plants are improving infiltration and organic matter. The fear is that these lands will be plowed out at the end of this \$18 billion program and the benefits of improved soil quality will soon be lost. However, studies in South Dakota, Georgia, Mississippi, and Texas have shown that subsequent no-till crop production following the sod can retain these benefits. In Mississippi, cold season cover crops combined with no-till cash crops are increasing organic matter above that in the previous pasture land. No-till technology is now available which can retain these benefits derived from CRP, improve precipitation use efficiency, and sustain or enhance long-term productivity.

Reclaim soil productivity and realize climate potential by no-till cropping. Seedbed preparation by tillage rapidly burns up organic matter, produces carbon dioxide, and creates a soil surface that is quickly sealed by raindrops. Rainfall infiltration was increased by 100 percent after 5 years of no-till planting grain sorghum into crimson clover on a severely eroded Cecil soil at Southern Piedmont Conservation Research Center, Watkinsville, Georgia. The no-till planted areas had about 5 tons/acre of crop residue left on the soil surface from the two crops each year. This increased soil organic matter in the surface one inch of soil by 300 percent at the end of 5 years. One year of conventional tillage wiped out these gains. The increase in infiltration of rainfall that is sustained by the supply of crop residue at the soil surface eliminates soil degradation by erosion and provides stored soil water to meet crop requirements. Long term benefits are assured by increased crop yields with no additional expense. Similar no-till and residue management experiments in Ohio, Alabama, North Dakota, and elsewhere have shown reductions in erosion, increases in soil organic matter, and water conservation, leading to improved soil quality and increased productivity.

A white powder reduces erosion on irrigated fields. More than 2 billion tons of soil wash off the world's 600 million acres of irrigated croplands each year with an estimated 50 million tons from furrow-irrigated U.S. cropland alone. An inexpensive white powder called polyacrylamide (PAM) can help save this valuable topsoil and stem water pollution on irrigated croplands. At Kimberly, Idaho, ARS scientists have reduced sediment loss by an average of 95 percent and increased

water infiltration by about 17 percent by using PAM. PAM also keeps fertilizers and other chemicals on the fields and out of runoff, reducing the risk of harm to fish and other aquatic life. PAM is nontoxic and nonirritating and is widely used in water treatment facilities and by food processors around the country. PAM's cost to farmers is expected to be about \$4 per pound, and since very small amounts are applied to fields via irrigation water, the cost per season ranges from \$12 to \$28 per acre (\$3 to \$4 per treated irrigation). PAM has been labeled for use as a soil amendment in several States and ARS scientists are cooperating with the Natural Resources Conservation Service and experiment stations throughout the Northwest to demonstrate PAM.

Constructed wetlands effectively manage swine wastewater. Swine production is a major agricultural enterprise which generates large volumes of waste, and nitrogen and phosphorus in swine wastewater are potentially significant contaminants of surface and ground waters. These nutrients can be removed from swine wastewater by constructed wetlands provided the wastewater can be properly sequenced through oxygen rich and oxygen limited steps. As part of a USDA Water Quality Demonstration Project in Duplin County, North Carolina, ARS scientists at Florence, South Carolina, tested the ability of field-scale constructed wetlands to remove nutrients from swine wastewater. Both wetland plants (bulrushes and cattails) and agronomic crops (rice and soybeans in saturated soil culture) grew and yielded well. So far, the constructed wetlands have removed 90 percent of the nitrogen and 80 percent of the phosphorus from the applied swine wastewater.

Forage production and species diversity of native rangeland improved by controlling western juniper. During the past 100 years, western juniper has increased dramatically, dominating many Great Basin rangelands. Western juniper is a highly competitive tree. As it invades, many plants are reduced or eliminated increasing the potential for soil erosion and lowering rangeland health. In many instances, the result has been a loss of forage and wildlife habitat and the loss of soil protecting understory species. This research found that removal of juniper increased forage production 10-fold, increased cover of soil protecting species 5-fold, and doubled the number of plant species. Juniper management practices have been developed that can increase forage production, improve biodiversity, reduce soil erosion, and improve the long-term sustainability of these rangeland ecosystems.

Elevated atmospheric carbon dioxide protects crops from air pollution damage. The effects of global change can be positive as well as negative. Soybean growth and yield is decreased by the air pollutant ozone (O_3) and increased by elevated levels of carbon dioxide (CO_2). For example, soybean yield was reduced 17 percent in current, ambient O_3 , compared to an atmosphere purged of O_3 . Doubling the level of CO_2 increased yields 36 percent. When mixtures of the two gases were tested, it was found that CO_2 enrichment partially protected soybean from the O_3 effect. As the O_3 level was increased, more CO_2 was needed to give the same level of protection. Similar results were obtained with snap bean and tomatoes. This research helps us predict the interactive effects of these gases on crop yield as their concentrations change in the future.

Potential effects of elevated atmospheric carbon dioxide on belowground processes in agro-ecosystems. Global change related changes affect below-ground processes, including soil and water quality. Significant responses in plant root systems and their rhizospheres have been observed in carbon dioxide (CO_2)-enriched agro-ecosystems. Experiments in controlled environments, in open top chambers, and in free-air CO_2 enrichment systems have generally shown crop growth and development to respond positively to elevated CO_2 . More allocation of biomass below the ground was observed. Root length and weight densities increased and overall root architecture was different. The rhizosphere of field-grown cotton growing in CO_2 -enriched air was altered; total soil microbial activity and saprophagous (those feeding on organic matter) nematode populations increased. Such shifts are linked to soil carbon storage and could be important in terms of plant diseases. Soil respiration was enhanced for sorghum and soybean crops grown at elevated concentrations of CO_2 , probably reflecting enhanced rooting. Groundwater quality could be affected in

agro-ecosystems growing in higher levels of CO₂ as more and deeper root proliferation may translate directly into more efficient uptake of water and nutrients. Response of root structure and function leads immediately to implications for changes in rhizosphere populations and activities, potential shifts in soil carbon sequestration and dynamics, as well as redistribution of carbon within the soil profile, and possible effects on the soil itself. Such phenomena could well impact belowground plant competition and could certainly be important in future climates.

Approximately 60 to 70 percent of the methyl bromide applied to agricultural fields is destroyed in the soil, saving stratospheric ozone. There is great concern that methyl bromide lost from soils during preplant fumigation may move to the stratosphere and deplete ozone. Methyl bromide is scheduled for phase-out by the year 2001. The quantity of methyl bromide from agricultural operations that reaches the stratosphere was unknown and generally estimated from information which is highly uncertain. Data from two field studies conducted by ARS scientists at the U.S. Salinity Laboratory, Riverside, California, showed that much of the applied methyl bromide is destroyed in soils under properly controlled conditions. This research indicates that the contribution to ozone depletion from the agricultural use of methyl bromide is significantly less than is often claimed, and with additional research to improve management methods, emissions could be reduced even further.

New grass cultivar is being used to reclaim saline and alkaline soils. Excess soil salinity and alkalinity are serious limitations to the productivity of range and croplands in the Western United States. In addition, saline lands are a source of contamination to our ground water and to rivers and streams. The salinity content of the Colorado River drainage system is of particular concern. The ARS at Logan, Utah, are actively involved in a research program to develop perennial grasses to permanently reclaim these lands. An improved cultivar, 'NewHy', was recently released from this breeding program. This cultivar has demonstrated excellent adaptation to saline conditions, and unlike other grasses that have been used for this purpose in the past, NewHy has superior nutritional and agronomic qualities. Research is continuing to increase the salinity tolerance of this cultivar and to develop additional cultivars and hybrids to reduce the multiple adverse effects of salinity in the West.

Stiff grass hedges can remain erect against concentrated flow of water, pond the water and disperse the flow. Plants can be used to prevent erosion as well as or better than structural measures. When heavy storms cause water to run off a field, it often concentrates in one or more streams near the low side where high rates of flow cause severe erosion and formation of ephemeral gullies, from which sediment is moved that in turn causes off-site damages. Flume studies at the National Sediment Laboratory, Oxford, Mississippi, show that some species of grass can remain erect in such hedges and disperse concentrated flow when water ponds behind them to depths greater than one foot. Most of the sediment load of that water is deposited in a delta in the pond behind the hedges. Thus, most of the water-borne sediment leaving tilled fields could be kept on the field by stiff grass hedges across the draws on the lowest side of the field, which will also broaden the flow paths of the runoff and disperse its erosive force.

Combined biological and engineering approaches to channel stabilization. When we can stabilize a channel and at the same time improve its ability to support a fish population, we have succeeded. ARS scientists at the National Sedimentation Laboratory, Oxford, Mississippi, have experimented with several channel stabilization approaches that involve planted and volunteer vegetation. Vegetation has been used alone and in combination with different structural measures to stabilize sediment deposits and caving banks along incising channels. Sixteen woody and 13 nonwoody species were tested. Woody and herbaceous species, best adapted to small stream stabilization in the Southeast, were identified. In other experiments, vegetation components were included in stream habitat restoration efforts that resulted in the tripling of fish numbers, an increase in median fish size by 50 percent, and an increase in fish species from 14 to 19. Major obstacles to application of such bioengineering techniques include competition by exotic species

(e.g., kudzu), infertile soils, and accelerated erosion. At fertile sites, free from exotics, revegetation often occurs rapidly by natural colonization after physical stability is attained using minimal structure. Planning and design of bioengineering projects must consider geomorphic evolution of the channel systems involved.

Laser-based technology for measuring landscape features. ARS is using an airborne laser to quantify topography, gully and stream cross sections, and vegetation canopy properties. Measurements of micro and macro topography contribute to better quantification of the water retention, infiltration, evaporation and movement from land surfaces and in channels and across flood plains. Channel and gully development and degradation can be measured and used to estimate soil loss and explain water quality and flow patterns. Measurements of vegetation canopy heights, cover, and distribution and their effect on water movement and aerodynamic roughness allow better understanding of evaporative loss, infiltration, and surface water movement. Airborne laser altimeters can be used to measure landscape properties over large areas quickly and easily. Such measurements improve our ability to manage our agricultural and range lands to maximize production while minimizing degradation of the land.

Modeling water and chemical movement in riparian zones. Riparian (streamside) ecosystems are critical areas for maintenance and improvement of stream water quality and aquatic habitats. Riparian ecosystems are usually occupied at least in part by wetlands. A Riparian Ecosystem Management Model (REMM), being developed by ARS, will allow comparison of different scenarios of streamside ecosystem management to assess the relative effects on water quality. REMM simulates processes such as microbiological transformations of nutrients, vegetation growth, sediment deposition, and water movement, which are essential to an understanding of the water quality functions of riparian ecosystems. REMM is being tested with detailed data from riparian ecosystem research projects around the U.S. REMM is expected to be used by governmental and non-governmental organizations to compare riparian ecosystem enhancement and establishment to other Best Management Practices for control of nonpoint source pollution.

RESEARCH IN PLANT SCIENCES

Current Activities: This research places emphasis on improving the efficiency of crop production and the quality of market products. By developing improved crop varieties, reducing costs and inputs associated with production, and improving quality (and value) to meet processor and consumer needs; plant science research will help to maintain and improve the competitiveness of our agricultural products in domestic and world markets. Research is conducted on a broad range of crops including grains, oilseeds, sugar crops, fruits, vegetables, ornamental, forage, range, and industrial crops. The National Plant Germplasm system provides the foundation for genetic improvement and encompasses the acquisition, preservation, evaluation, and enhancement activities necessary to properly utilize plant germplasm. New technologies offer powerful tools that can be utilized in genetic mapping and gene transfer. A broad range of technologies is being utilized to protect plants from diseases, insects, nematodes, weeds, and climatic stresses. These include quarantine, host-plant resistance, management systems, and biocontrol and other methods of integrated pest management so as to reduce dependence on agricultural chemicals. Special emphasis is placed on sustainable agricultural production systems that are effective, efficient, and protective of soil, air, and water resources.

Selected examples of recent progress:

Researchers beginning to unravel mystery of resistance genes. Until recently, no one knew how plants fought off disease-causing viruses, bacteria, and fungi. In some of the most significant research findings in recent times, we are now much closer to the answer. Three separate genes conferring resistance have been characterized. In each of these instances, it was known that infected cells containing these genes were killed quickly before the infection could spread to

neighboring cells. The remarkable finding was that these genes are similar suggesting that plants counter widely different disease agents in much the same way. ARS scientists at the Plant Gene Expression Centers in Albany, California, in cooperation with colleagues at the University of California, Berkeley, participated in this discovery by characterizing the gene conferring virus resistance. The immediate result is that scientists have their first look at how plants defend themselves against disease. The long-term benefit is that it may be possible to transfer resistance genes into a wide variety of plant species.

New source of resistance to potato late blight developed. The late blight disease of potato is causing devastating losses because the causal fungus is no longer controlled by fungicides that farmers have relied on for decades. Researchers were hopeful when they discovered resistance to the more virulent fungus in wild relatives of potato. The problem was that conventional breeding could not transfer this resistance to the cultivated potato because the two species are sexually incompatible. This barrier was overcome recently when ARS scientists in Madison, Wisconsin, isolated individual cells from each of the species, physically fused them together, and caused the hybrid cells to produce plants. Some of these hybrid plants contained fungal resistance from the wild relative and still had sexual compatibility with the commercial potato. Thus, plant breeders now have a new source of resistance that can be used to develop improved potato varieties. Further work is needed to determine if this resistance will provide long-lasting protection in commercially acceptable potato varieties.

Color dyes used in foods and cosmetics show promise for control of certain fruit flies. Fruit flies pose a major threat to the production and marketing of fruit within the United States. The insecticide, malathion, is currently used to control outbreaks of Mediterranean and Mexican fruit flies on the U. S. mainland and is the main insecticide used to control crop damage by fruit fly pests in Hawaii. ARS scientists in Hawaii and Weslaco, Texas, in cooperation with a commercial firm, demonstrated that Sure dye, already registered for use on drugs and cosmetics, has potential to control fruit flies. Sure dye appears to be safer than malathion, whose use has raised public concern. Based on the scientists preliminary results, ARS is seeking EPA approval for large-scale tests in Hawaii and Texas to evaluate whether this material will successfully control the flies.

Mating disruption technology is being used in areawide control of codling moth populations in apple and pear orchards. The codling moth, a major pest in apples, pears, and other tree fruits, continues to pose a serious economic threat to production and marketing of fruit from the western states of Washington, California, and Oregon. In the face of growing resistance to organophosphate pesticides and concern for food safety, ARS scientists in Yakima, Washington, have developed an improved mating-disruption technique. High doses of synthetic sex pheromones applied to specialized dispenser systems are being successfully used to control codling moth in about 15,000 acres of apple orchards. Currently, scientists are developing improved pheromone dispenser systems suitable for areawide management of codling moth by apple and pear growers. This method is more cost effective when compared to the cost of control by chemical pesticides on an orchard-to-orchard basis.

Development of low-phytic-acid corn will improve nutritional quality and reduce water pollution. The main kind of phosphorus in grains and legumes, such as beans, is called phytic acid. This acid, when consumed by humans, poultry, or swine, is not absorbed and its excretion contributes to water pollution. An ARS scientist at Bozeman, Montana, has developed an easy-to-use genetic approach for developing low-phytic-acid corn. Diets prepared for poultry and swine using this corn will not only result in less pollution, but will also reduce the cost of production by reducing the need for phosphorus supplements. Human nutrition and health may also improve with low-phytic-acid grains. Such crops will also help U.S. growers compete overseas, especially in European and Asian markets.

Innovative technologies for pesticide spray drift reduction. Pesticide reduction in U.S. agriculture is one of the highest national priorities. ARS scientists in

College Station, Texas, have developed an electrostatically-charged aerial pesticide application technology which reduces the pesticide spray drift and enhances pesticide deposition on crops by four to five fold, thus reducing the amount of pesticide use by one-fourth to one-fifth. Furthermore, scientists have designed and developed a new tool, dual-side leaf washer, for quantitative analysis of pesticide spray deposit on plant leaves. Prior to this invention, there was no practical way to accurately measure the spray dosage on crops. A Cooperative Research and Development project has been established with a private business to manufacture and sell this novel tool. ARS has filed for a patent on this simple, practical device.

Gluten enhances environmental stability of microbial pesticides. Reduction in chemical pesticide use in agriculture is one of the highest national priorities. Microbial pesticides (bacteria, viruses, fungi) are excellent candidates for use in Integrated Pest Management programs and can be very effective pest control agents. However, microbial pesticides do not survive long in the environment after application due to degradation from sunlight and wash-off by rainfall. ARS scientists at Peoria, Illinois, have discovered that small amounts of wheat gluten, when solubilized and added to a spray tank, can extend the activity of *Bacillus thuringiensis*, a bacterium used widely to control insect pests of many crops. Spray deposits containing gluten can withstand 2 inches of rainfall, which otherwise would wash off spray deposits without the gluten. This formulation, if commercially accepted, should enhance commercial development of bacterial and other microbial pesticides.

New method for dealing with an old pest. The boll weevil has been a problem for cotton farmers for decades and still costs them millions of dollars each year. In a new approach to the problem, ARS scientists in Weslaco, Texas, have found that spraying large numbers of small wasp-like insects on infested cotton can kill up to 95 percent of the weevils. The wasp is harmless to people and other insects. ARS is now working with USDA-APHIS and the Department of Energy in Kansas City to scale up the technology for producing large numbers of the wasps. Using the wasps has great promise for weevil control in areas near cities and wildlife preserves where spraying with insecticides, the usual method, can cause other problems.

Improving the nutrient content of vegetables for human consumption. Iron deficiency anemia is surprisingly widespread in the United States, especially among young pregnant women. The problem is complex, with too little iron in the diet and too little of the iron that is eaten being absorbed by the body. An ARS group at Ithaca, New York, has identified the factors directly limiting the uptake of iron from soil into plants. They have also identified an essential amino acid that increases the efficiency of zinc absorption by the body. This amino acid is normally present in grains, but can be increased in vegetables by plant breeding. The research has raised the possibility of breeding crops that contain greater amounts of essential mineral nutrients, with better availability for absorption. This work has a direct effect not only on human nutrition in the United States, but also throughout the world.

Adjusting the fiber in oats and barley benefits health-conscious consumers, farmers, and brewers. Oat and barley varieties with high soluble fiber (beta-glucan) can help people lower their cholesterol levels, but for animal feeding and brewing, low-fiber varieties are better. ARS scientists at Aberdeen, Idaho, and Madison, Wisconsin, have tested thousands of oat and barley selections from the National Small Grains Collection to identify those unusually high or low in beta-glucan. These selections are being used by plant breeders to develop plant varieties designed for specific uses. Persons with high blood cholesterol levels can lower them 5 to 8 percent by consuming high-beta-glucan oats or barley, thus reducing their risk of heart disease. Farmers can expect faster weight gains in poultry and swine when feeding low-beta-glucan barley and oats, and brewers can produce better malt for brewing using low beta-glucan barley.

Breeding of potato variety resistant to potato leafroll virus and a virus-transmitting aphid. Of principal concern to the growers in the Western United States is potato leafroller virus and its principal vector the green peach aphid. Virus

infection precludes the tubers from being sold as seed potatoes, which are valued much higher than table stock potatoes. ARS scientists in Beltsville, Maryland, have found some species of wild potatoes which are resistant to one or more diseases and insects. In cooperation with the University of Minnesota, an extensive breeding program resulted in potatoes which were resistant to viral disease and the aphid. The scientists selected and bred plants so that resistance to both the leafroll virus and the green peach aphid were present in the same potato breeding line. These valuable potato breeding lines will be used to improve the resistance characters of commercial potato cultivars for use by potato growers.

A new, highly effective trap for detecting introductions of Mediterranean fruit flies. Early detection of accidentally imported Mediterranean fruit flies is critical for protecting U.S. agriculture from infestations by the pest. Also, improvements in male medfly attractants and trapping systems are needed to better detect individual flies as they emerge. ARS scientists in Hilo, Hawaii, and Beltsville, Maryland, in cooperation with a commercial firm, developed a new style of trap which has been shown to give much higher fly captures than the currently used traps. This new trap contains the male fly attractant, trimedlure, in a controlled-release, polymer panel. These new traps are being evaluated in California and in Hawaii to judge their suitability for use in USDA and State medfly detection programs.

Controlling insect pests by infecting them with diseases. The sweetpotato whitefly and silverleaf whitefly are wreaking havoc on crops from California to Florida. Hope for their control is coming from ARS scientists at Weslaco, Texas, who have found several types of fungi that cause whitefly diseases. The fungi normally occur in nature in small numbers. After devising ways to mass produce the fungi, scientists sprayed them on threatened plants and found that the whiteflies were killed. Working with industry, efforts are underway to obtain EPA permits to expand the tests to commercial farms.

Drought tolerance is being added to soybeans. Soybeans, a major crop throughout the Midwest and South, are not tolerant of drought, resulting in severe yield losses in dry years and moderate yield losses even in years of normal rainfall. An ARS scientist at Raleigh, North Carolina, has identified soybean lines with improved drought tolerance due to better rooting and greater water extraction from the soil. He is currently breeding the drought-resistant types to make them more commercially acceptable. Drought-resistant soybeans have been sought for a long time and now appear to be within reach. New drought-resistant varieties should be available within the next decade.

Novel method for transmitting plant viruses discovered. To develop disease-resistant plants, researchers must be able to reliably test the resistance of crop varieties by deliberately inoculating them with the disease agent. This was the bottleneck facing scientists working on plant viruses that are difficult or impossible to transmit. ARS researchers at Wooster, Ohio, have finally devised a method that overcomes this problem. Fine needles were used to introduce virus particles directly into plant embryos in seeds before germination. The procedure, being developed for corn viruses, has resulted in high infection rates for a wide variety of virus types that previously could not be transmitted at all without insects. Besides being an important new tool that will allow researchers to do many experiments for the first time, this discovery is of great importance because it may lead to faster and easier development of virus resistance in a variety of crop species.

LAMP (Latin American Maize Project) improves the genetic base of corn. Although corn adds over \$16 billion to the United States economy, the genetic variability of all the varieties planted is very low, putting the crop in a vulnerable position when new diseases, insect pests, and other problems appear. One of LAMP's goals is to enhance corn's genetic base in the United States so that genes for resistance will be available when problems arise. ARS scientists at Ames, Iowa, Tifton, Georgia, and Mayaguez, Puerto Rico, along with public sector colleagues in 11 Latin American countries, have tested nearly 12,000 corn types that have been stored in

the U.S. and Latin America, but rarely used. About 270 of these have been identified as prime candidates for enhancing the U.S. corn genetic base. To ensure that genes from these varieties will be available for commercial corn breeding when they are needed, the U.S. Germplasm Enhancement of Maize (GEM) program was organized. GEM is a national program involving ARS and state university corn scientists and commercial corn companies.

Improved control of a damaging insect pest of citrus. A tiny moth, the citrus leafminer, after its introduction into Florida in May 1993, migrated rapidly throughout Florida and into Louisiana. ARS scientists at Orlando, Florida, identified a commercially available insect-infecting bacterium, *Bacillus thuringiensis* (Bt), as an excellent candidate for biological control of this pest. The activity of Bt was improved by adding a chemical that increased the rate of penetration into leaves harboring the insect. Experiments done in the field have confirmed that this approach will decrease the dependence on insecticides.

Detection of sudden death syndrome fungus in soybeans by polymerase chain reaction. ARS scientists at the National Center for Agricultural Utilization Research, Peoria, Illinois, and the University of Illinois, Urbana, have developed a rapid, PCR-based method to detect *Fusarium solani* f. sp. *phaseoli*, the cause of sudden death syndrome (SDS) in soybeans. SDS is common to all U.S. soybean acreages and causes an annual crop loss of \$15 million in Illinois alone. Previous methods for identifying the SDS fungus were based on microscopy and results were often incorrect. The new method will allow detection of the fungus in seeds, roots and soils.

Successful biological control of tansy ragwort - a poisonous rangeland weed. Biocontrol insects studied and introduced by ARS scientists at Albany, California, are responsible for excellent control of tansy ragwort, thus improving the environment for grazing livestock and native plants. Tansy ragwort is a poisonous plant from Europe that is an invasive weed on grasslands along the Pacific Coast. Two insect natural enemies of tansy ragwort, the ragwort flea beetle and the cinnabar moth, were introduced from Europe as biocontrol agents. Recent studies by ARS scientists at Albany, California, in cooperation with colleagues in Oregon, have shown that these insects reduced tansy ragwort to less than 1 percent of their former abundance at study sites in these states. A recent economic study conservatively estimated that this has resulted in benefits of \$5 million per year in Oregon alone. Biological control agents for rangeland weed species are being provided from the ARS European Biological Control Laboratory, Montpellier, France.

RESEARCH IN ANIMAL SCIENCES

Current Activities: The research program places primary emphasis on improving the efficiency of livestock, poultry, and aquaculture production. The total effort is designed to solve both short- and long-term, high priority national problems and to address the needs of action and regulatory agencies. Major thrusts include improving the productivity of animals; assuring the quality and safety of animal products used as food for humans; and reducing losses due to pathogens, diseases, parasites, and insect pests. To accomplish these goals, new technological innovations are needed to preserve and effectively utilize animal germplasm; understand how specific genes improve production, reproduction, and animal product quality; enhance genetic resistance to diseases; improve techniques to rapidly diagnose, prevent, manage, or eliminate diseases, parasites, and insects pests; and detect and control microbial and chemical residue contamination in live animals and animal products. Research is currently underway to more rapidly change the genetic makeup of animals and improve reproductive efficiency; improve the nutritional aspects of animal feeds; genetically reduce lipids in animal products; develop genetically engineered vaccines for protection against pathogens, diseases, parasites, and insect pests; develop new, rapid, and accurate methods of disease diagnosis; improve the safety of animal food products; develop integrated management technologies for insect pests and disease vectors; improve the well-being and humane care of farm animals in production facilities; and develop means to use animal wastes to reduce contamination of surface and ground water.

Selected examples of recent progress:

World's first genetic maps for cattle and swine published. Genetic maps that identify the genotype of cattle and swine will improve our ability to select animals that are resistant to diseases and improve the quality and safety of animal products. ARS scientists at Clay Center, Nebraska, have developed the first and most complete genetic linkage maps for cattle (over 400 markers) and swine (over 500 markers). In addition, they have developed a database of these genetic maps that is now available for the use of all scientists on a worldwide basis. Worldwide access to the database significantly reduces the cost of research for all scientists working in animal genetics. The maps provide, for the first time, a means to identify the genotype of animals. When this new information is used in conjunction with traditional breeding programs, the annual rate of genetic improvement in animals will be increased significantly.

Dietary stress in ruminants during shipping can increase populations of human food-borne pathogens such as Escherichia coli 0157:H7 in the gut. Outbreaks of gastroenteritis and fatal hemolytic-uremic syndrome in human beings, especially children, caused by consumption of improperly prepared foods contaminated with Escherichia coli 0157:H7 have aroused great concern about the safety and integrity of the American food supply. ARS scientists at Ames, Iowa, have demonstrated that fasting and sporadic re-feeding of cattle and sheep such as occurs during shipping-to-slaughter can greatly increase populations of food pathogens present in the intestinal tract. This information may prove useful to the meat industry, APHIS, and FSIS for the management of livestock before slaughter.

Program for conservation of animal biodiversity established. ARS has developed a national computerized database system and gene bank repository for animals at Beltsville, Maryland. The National Animal Germplasm Program Database, at some time in the future, will contain descriptors and characteristics of the world's animal genetic resources. The database is compatible with the international FAO index, and, at present, includes information on U.S. breeds of cattle (55); sheep (41); swine (17); horses (55); and asses (7). Additional efforts are underway on poultry. The National Gene Bank Repository will provide for the long-term storage space for sperm, embryos, oocytes, stem cells, cell lines, and DNA from a wide range of domestic animal species. The new program will permit rapid identification of the characteristics of existing breeds. In addition, germplasm from selected breeds will be preserved to maintain genetic biodiversity and permit utilization of the germplasm in future animal populations.

Sustained release of porcine somatotropin (pST) implant improves efficiency and quantity of lean pork. Consumers want leaner cuts of meat. Scientists at the U.S. Meat Animal Research Center, Clay Center, Nebraska, administered pST by a sustained release implant to boars and barrows. Eighteen weeks of treatment with pST increased efficiency of feed utilization for live weight gain by 10 percent in boars and 24 percent in barrows; quantity of lean pork produced (trimmed cuts) was increased 19 percent in barrows; and boar taint score of loin chops was improved 12 percent in boars treated with pST. Implant administration of pST will provide improved efficiency of pork production for the producers of the 90+ million hogs slaughtered each year and will also provide consumers with quality pork at a lower cost.

Dairy genetic evaluations for longevity increase profitability. Although cows that live longer are more profitable, breeders have not been able to select directly for longevity because genetic evaluations were not available. The Animal Improvement Programs Laboratory in Beltsville, Maryland, has now developed methods to genetically evaluate dairy cattle for their productive life based on data on the animal and its relatives (living and dead). The first release of these evaluations to the dairy industry was in January 1994. Genetic evaluations for productive life will allow U.S. dairy cattle breeders to select directly for longevity and to monitor the progress or decline in their animals' genetic merit, thereby, increasing their economic profit by up to 4 percent/yr.

Genetic markers developed for mastitis in dairy cattle. Mastitis is the single most costly disease in dairy cows, causing American farmers losses estimated at over \$1.5 billion each year. Genetic markers (small DNA fragments) provide a method to identify bulls that provide their daughters with genes for resistance to mastitis. ARS scientists at Beltsville, Maryland, have initiated a project to test the usefulness of genetic markers to compare bulls identified by Dairy Herd Improvement Association records as having genes that alter somatic cell count (associated with the incidence of mastitis) among their daughters. The ARS scientists at Beltsville found evidence that genetic markers developed by ARS scientists at Clay Center, Nebraska, were useful in identification of bulls' daughters with altered resistance to mastitis. Genetic resistance will be exploited by breeding programs to develop cow herds with lower incidence of mastitis.

The gene controlling production of a unique cellular protein that activates immunity has been cloned. Newborn cattle are born with immature immune systems that may leave them susceptible to numerous infectious pathogens that cause illness, poor growth, and death. ARS scientists at Beltsville, Maryland, have cloned the gene for bovine interleukin-12, a recently discovered cellular protein. They showed experimentally that this protein can provide complete protection against cryptosporidiosis. This protozoan parasitic disease causes severe gastroenteritis in human beings and is associated with consumption of contaminated water. The cloned gene will provide the livestock industry with a source of pure protein to prevent and treat parasitic infections without using drugs. This will improve animal health and could decrease the public health implications of certain zoonotic parasitic diseases.

Methods to identify Africanized honey bees may offer control alternatives to American agriculture and protection to the public. The honey bee is the most important and essential pollinator of crops worth more than \$10 billion annually to American agriculture. A polymerase chain reaction-based method developed by ARS scientists at Beltsville, Maryland, to identify Africanized bee populations from stingers collected from victims may assist regulatory and public health agencies to control this behaviorally aggressive species. Characterization of DNA haplotypes will permit the analysis of genetic diversity and origins of honey bee stocks to improve breeding, the analysis of effects of Africanization on honey bee stocks, and the evaluation of effectiveness of regulatory efforts to control Africanized honey bee populations.

A new diagnostic test will detect contamination of attenuated poultry vaccines with reticuloendotheliosis virus. Contamination of attenuated virus vaccines for use in poultry can spread reticuloendotheliosis virus in vaccinated flocks. This common virus is difficult to detect and causes significant economic losses to poultry breeders and growers from immunosuppression and tumors that lead to condemnation at slaughter. ARS scientists at East Lansing, Michigan, have developed a new DNA-based test, the polymerase chain reaction, to detect the virus. This new test will permit vaccine manufacturers and USDA/APHIS/Veterinary Biologics a method to provide safe vaccines free from contamination.

Molecular genetics of biting fly populations used to define disease ecosystems and control insect-transmitted virus diseases. Transmission of many severe animal and/or human diseases depends upon genetically controlled susceptibility of the blood-sucking insect to virus infection. ARS scientists at Laramie, Wyoming, used molecular genetics to identify and characterize genes of biting fly vectors of bluetongue and similar viruses. Methods can be used to define geographic and ecologic areas "at risk" for virus activity or outbreaks of disease and are being adapted to mosquitoes by human disease scientists. The genes can be used to control disease by preventing virus transmission. APHIS is using this information to negotiate changes in international export-import regulations and to define disease-free regions around the world for unrestricted export of livestock and germplasm.

A diagnostic test has been developed to identify cattle infected with anaplasmosis. Anaplasmosis, a tick-transmitted protozoan parasitic disease in cattle, costs the cattle industry millions of dollars annually in economic losses due to disease and

loss of export markets. ARS scientists at Pullman, Washington, in cooperation with university cooperators have developed a competitive inhibition enzyme-linked immunosorbent assay to identify infected cattle. This technique will permit the cattle industry to identify carrier cattle to control and eradicate the disease and enhance market competitiveness of U.S. livestock internationally.

Chemical architecture of forage cell walls can influence digestion of forages by ruminants. Phenolic acids that cross link lignin and cellulose in plant cell walls can inhibit cellulose digestion by ruminants. These appear to be important factors in explaining why only about 40 percent of forage cell walls are digested. Research at the U.S. Dairy Forage Research Center in Madison and in St. Paul is revealing the role of ferulic acid as a single molecule or as a dimer (two ferulic molecules together), in cross-linking lignin and cell wall carbohydrate. An understanding of the chemical basis for this linkage can open opportunity for genetic selection or manipulation of the forage plant to increase forage digestibility. The effect of this would be to dramatically increase the amount of meat and milk that could be produced from forage sources.

RESEARCH IN COMMODITY CONVERSION AND DELIVERY

Current Activities: Increasing the economic viability and competitiveness of U.S. agriculture and rural communities by enhancing the quality, assuring the safety and increasing the use of agricultural materials in products for domestic and global markets is paramount in determining postharvest research strategies. Developing new and expanded uses of agriculture commodities is also vital to the economy of U.S. farmers and rural communities, and to strengthening the competitive position of U.S. agriculture in world markets. New technological opportunities abound for achieving these market opportunities. Bioconversion, enzyme engineering, critical and supercritical processing, membrane separation and reaction, and extrusion offer viable technological potential to meet the economic challenge of converting and producing agricultural commodities to new, safe, useful products.

To meet these challenges, ARS research expands knowledge of physical, biological, and chemical characteristics of food, feed, fiber, and industrial products. This research is important to the development and acceptance of new products and elimination of trade barriers, and it is critical to commodity and product safety, quality, and value. Emphasis is placed on developing the technological basis for innovative industrial products that are benign to the environment and have sound commercial potential. Research is also being conducted to meet consumer demand for freshness and safety and to address regulatory agency needs for methods to detect product contamination.

Selected examples of recent progress:

First rapid test for bacteria on meat and poultry developed. Scientists at Clay Center, Nebraska, developed the first rapid test for generic bacteria on meat and poultry. The five-minute test will permit industry and government regulators to monitor the effectiveness of intervention methods to reduce bacterial contamination on meat and poultry carcasses. This test can replace the standard 48-hour plate count methods for monitoring process control and serve as an effective tool for inspectors and company quality control personnel.

Competitive exclusion culture reduces Salmonella in poultry. A defined culture of 29 bacteria and a process for selecting competitive exclusion (CE) cultures was discovered by the Food and Feed Safety Research Unit, College Station, Texas. The culture and the process (patents applied for) have been licensed to our Cooperative Research and Development Agreement partner. They have begun the process to get FDA registration and approval for a new animal drug. The CE culture was field tested on commercial broiler farms for the control of Salmonella, a significant food safety pathogen. In cooperation with the poultry industry, university, USDA regulatory agencies and the FDA, 60,000 chickens were included in the test. The defined CE culture significantly reduced Salmonella colonization of chicken ceca isolated from the processing plant. This technology will be an important component of the USDA

pathogen reduction program.

Closing in on a rapid detection method for hemorrhagic *Escherichia coli* 0157:H7. Isolation and detection of disease-producing bacteria from foods generally involves lengthy procedures which require growing the microorganism to very large numbers. These procedures often can take 1 to 3 days or more. Scientists at the Eastern Regional Research Center Microbial Food Safety Laboratory have employed the polymerase chain reaction (a method for rapidly and specifically increasing very small amounts of DNA [sometimes even from a single cell] to detectable levels) to determine three specific genes of hemorrhagic *E. coli*. The procedure is specific for the 0157:H7 serotype of *E. coli*, currently the most prevalent disease-producing strain in the United States. The test is capable of detecting 10 to 100 cells, the infectious dose in susceptible individuals, in less than 8 hours, making it suitable for quality control testing as well a screening technique.

Apple treatment developed to meet quarantine requirements for markets in Japan and China. In order to develop a market for U.S.-produced apples in Japan, a treatment for the codling moth and the lesser appleworm had to be developed. A team of scientists from the Yakima, Washington, Wenatchee, Washington, and Fresno, California, laboratories developed a two-component treatment to meet Japan's import quarantine requirements for 'Red Delicious' and 'Golden Delicious' apples. This treatment consists of cold storage followed by fumigation. The confirmatory tests required by the Japanese government have been completed and the U.S. industry is preparing to begin shipping apples to Japan in January 1995. It is anticipated that the new market in Japan for U.S.-produced apples could reach an estimated value of \$75 million or more per year.

This same treatment was used as a basis for negotiations with the People's Republic of China that allowed the entry of U.S. apples into the People's Republic of China. A scientist from the ARS laboratory in Yakima, Washington was part of the team that met with representatives of the People's Republic of China to finalize the agreement on quarantine requirements for U.S.-produced apples. As a result, U.S. apples are for the first time allowed entry into the People's Republic of China.

Continuous ethanol production in a coupled fermentation-membrane pervaporation system. The productivity of ethanol fermentations, predominantly carried out as batch operations in the United States could be improved by adoption of continuous processing technology. Engineers at Wyndmoor, Pennsylvania, have successfully demonstrated continuous ethanol production in a pilot-scale system in which a concentrated ethanol product stream is recovered from the fermentor by a pervaporation, a membrane process of selectively separating multicomponent mixtures. The fermentor-pervaporation unit was operated for over 70 hours and generated a product stream of up to 25 percent ethanol. Conventional industrial processes result in a dilute product of 10 percent ethanol. Engineering cost analyses based on this research could lead to new, cheaper processes for fuel ethanol production and greater competitiveness for agriculturally-based renewable fuels.

Harmonization of aflatoxin sampling plans among export and import nations to reduce export losses. Aflatoxin guidelines on legal limits that control the maximum amount of aflatoxin in foods and feeds vary greatly among countries. As a result, aflatoxin sampling plans designed to test agricultural commodities for aflatoxin also vary among countries. Exporters suffer large economic losses because commodities are rejected by an importer primarily due to differences between an export and import country's guidelines and sampling plans. The Food and Agriculture Organization (FAO) of the United Nations requested that a group of international sampling experts confer and develop aflatoxin sampling plans for corn and peanut products for distribution among member nations. Methods developed by scientists in Raleigh, NC, were used by the international consultants to design and evaluate 35 aflatoxin sampling plans. The plans have been documented by FAO and distributed to member nations. These evaluations will help member nations agree on a common guideline and sampling plan for all exporting and importing countries.

Bacteria fend off dry rot in potatoes. Fusarium dry rot, which is not readily

controlled with fungicides and destroys potato tubers both in the field and in storage, is a potentially devastating fungal disease. Bacterial strains, isolated from soils with little disease by scientists at the National Center for Agricultural Utilization Research, Peoria, Illinois, restricted dry rot on tubers even when a large quantity of the *Fusarium* dry rot fungus was present. These bacteria were effective against several different strains of the dry rot fungus, including a strain resistant to thiabendazole (TBZ), the only registered fungicide for postharvest use on potatoes. The development of a bacterial product for the biological control of dry rot offers an effective control alternative that promises to reduce pesticide residues in the environment and on harvested fruits and vegetables.

Additional variety of sweet cherry approved for quarantine treatment and export to Japan. Three varieties of sweet cherries from the United States have previously been approved by Japan for quarantine treatment for codling moth and western cherry fruit fly and for importation. A team of scientists from Yakima and Wenatchee, Washington; and Fresno, California, conducted the research needed to gain approval from Japan for treatment and importation of an additional variety, 'Rainier,' from the United States. The varieties previously approved are dark, sweet cherries, such as the 'Bing,' while the 'Rainier' is a yellow-fleshed cherry with a red blush on the skin and is very large, sweet, and juicy. The 'Rainier' cherry should command a premium price in Japan. The market in Japan for the 'Rainier' cherry could reach \$10-12 million per year. Confirmatory tests for an additional dark, sweet cherry cultivar, the 'Garnet,' as required by the Japanese government, have been completed and approval for the treatment and importation of this cultivar is pending.

Foodborne pathogens *Escherichia coli* 0157:H7, *Listeria monocytogenes*, *Salmonella*, and *Staphylococcus aureus* respond similarly to gamma radiation on red meats and poultry. Four important foodborne pathogens were exposed to gamma radiation on beef, pork, lamb, and turkey under identical conditions. Though the lethality differed for each pathogen, the type of meat had little effect on the sensitivity of the organism to gamma radiation. One exception was that *Salmonella* was slightly more sensitive to radiation on pork than on the other meats. Previous studies had indicated widely different results on various meats for control of *Salmonella*, and very little information existed for the other foodborne pathogens. The results of these studies indicate that these organisms on beef, pork, and lamb can be effectively controlled by irradiation using radiation doses and conditions currently approved for treatment of poultry. This information is being used by industry in a petition to the FDA for approval of the irradiation of red meats.

Vegetable oil derived sheet-fed inks are formulated without volatile organic compounds. Typical sheet-fed, lithographic (offset) inks are petroleum derived and contain volatile organic compounds (VOC's). In recent years, the industry has been able to substitute soybean oil for a portion of the petroleum, and the American Soybean Association allows use of their SoySeal logo with a sheet-fed ink containing as little as 20 percent soybean oil. ARS scientists at the National Center for Agricultural Utilization Research, Peoria, Illinois, have developed sheet-fed lithographic inks without VOC's and by using vehicles prepared exclusively from soy or other vegetable oils. This ink has recently been evaluated by a commercial printer and showed exceptional printing and performance characteristics. The Pennsylvania-based company also printed their October 1994 employee newsletter with the ARS soy sheet-fed ink. A U.S. patent is being filed on this technology, and patent protection in foreign countries will be sought. This technology is significantly less expensive than those currently practiced, and the potential U.S. market for these inks exceeds 100 million pounds.

Factors detected in corn that reduce production of Aflatoxin. Aflatoxin, a poison produced by the mold *Aspergillus flavus*, causes severe losses in major commodities including corn, peanut, cottonseed, and certain tree nuts. ARS scientists at New Orleans, Louisiana, using a new "tester" strain of *Aspergillus flavus* containing a "reporter" gene, have identified corn varieties containing factors that greatly reduce production of aflatoxin relative to that found in commercial varieties. Experiments indicated that some varieties of corn kernels supported growth of the

tester mold, but demonstrated significantly lower (6 percent) levels of aflatoxin than that found in commercial varieties, thus indicating the presence of chemical factors that reduce aflatoxin formation. Corn breeders are using these newly identified varieties of corn in breeding and selection for resistance to aflatoxin contamination.

New method eliminates the need for chlorine in poultry processing. Control of pathogens in processing water is of major concern to the poultry industry. To this end, poultry chiller water is routinely chlorinated by U.S. processors. This process is considered by many in the industry to be essential to the safety and quality of ready-to-cook poultry products. Unfortunately, chlorination of the processing water results in the formation of undesirable components which arise from the reaction of chlorine with organic material in the water. In cooperation with the Food Safety Inspection Service and a chemical manufacturing company, ARS scientists at Albany, California, have determined that chlorine dioxide is four to five times more efficient than chlorine in killing aerobic bacteria and is less reactive chemically, thus producing little or no undesirable by-products. In-plant studies verified the efficacy of chlorine dioxide in controlling pathogenic bacteria in the processing water. Approval of a petition to the FDA for the use of chlorine dioxide in poultry processing water is expected soon and will provide a good alternative for maintaining sanitary conditions.

Biological alternatives to fungicides patented and under commercialization. Decay of fresh fruits is a major cause of quality loss, and has been controlled in the past by the application of fungicides. Loss of the postharvest label for the fungicide Benlate has made the industry dependent on one fungicide, Mertect, to which many pathogen populations have developed resistance. Biological control agents developed in Wenatchee, Washington, have been patented and licensed by private industry and will provide a safe and effective alternative for fungicide use on fruits.

Development of a multiple quarantine treatment to control Hessian fly in compressed hay for export to Japan. A quarantine treatment is needed for compressed hay for export to Japan to prevent rejections of shipments in Japan after inspection for Hessian fly hosts and to increase the economic competitiveness of U.S. produced hay. A multiple quarantine treatment using compression of hay bales and hydrogen phosphide fumigation has been developed at Fresno, California, to control Hessian fly in compressed hay that requires only two additional field tests for approval by regulatory agencies. Acceptance of the multiple quarantine treatment will support a \$240 million market for compressed hay exported to Japan.

Biodegradable films are now available for use with foods and industrial products. ARS scientists at the Eastern Regional Research Center, Wyndmoor, Pennsylvania, have fabricated biodegradable and edible films from mixtures of high amylose starch, high methoxyl pectin, and glycerol. By varying the component composition, films with a wide range of mechanical properties can be obtained. Prior to the ARS work, it was believed that only low methoxyl pectins, crosslinked with divalent metals such as calcium, could form useful films. The ARS team discovered that mixtures of high methoxyl pectin, starch, and glycerol produce films with better mechanical properties than cross-linked low methoxyl pectins, at considerably lower cost. These films, which have been named "Agripol" because they are made from agriculturally- rather than petroleum-derived polymers, have potential applications as biodegradable, water soluble industrial films and coatings and as food grade films, coatings or beads. A patent has been filed on these films and a unique partnership with the Michigan Biotechnology Institute, who will aid in their commercialization, has been developed.

Gibberellic acid maintains resistance of grapefruit to Caribbean fruit fly attack. Early season grapefruit has considerable resistance to attack by Caribbean fruit fly. This forms the basis for shipment of untreated Florida grapefruit to Japan until December 20 each harvest season. After that date because of increased risk of fruit being infested, stringent requirements have to be met in order for Florida fruit to be acceptable to Japan. These safeguard provisions are both costly and

have provisions that preclude a large percentage of growers from participation. A team of scientists from ARS laboratories in Gainesville and Orlando have shown that treatment of early season mature grapefruit with gibberellic acid (GA) while on the tree keeps grapefruit highly resistant to Caribbean fruit fly for about 2 additional months. The Florida Department of Agriculture has asked USDA-APHIS-PPQ to petition Japan to extend the early season designation for GA-treated grapefruit until the end of February based on these ARS findings. If approved, this extension would enable about 70,000 acres of groves to continue shipping for an additional 2 months each year and would allow a major increase in the export of Florida citrus, already a \$100 million + annual market to Japan alone.

Meadowfoam advances toward crop status. The new crop meadowfoam is making significant progress towards becoming an established crop. Scientists at the National Center for Agricultural Utilization Research, Peoria, Illinois, have played a vital role in the development of meadowfoam over the last year by completing the first part of a CRADA with The Fanning Corporation of Chicago for the commercial development of cosmetics based on meadowfoam oil and its derivatives. Work within this CRADA has contributed to an increase in the amount of meadowfoam acreage from 765 to 3000 acres. In addition, the unique structure of meadowfoam oil has been utilized to develop five new materials that are receiving intensive interest by industry. These products include estolides and a number of unique materials that are undergoing patent application. These materials were not previously available to industry and will provide biodegradable lubricants, cosmetics and coatings.

RESEARCH IN HUMAN NUTRITION

Current Activities: This research is directed toward understanding the effects of diet on healthy human volunteers of all ages. The objectives of this research are to improve human health by defining nutrient requirements for optimal function and safe limits of energy and nutrient intakes through the life cycle, determine food consumption patterns and determinants, assess nutrient composition of foods, and derive educational strategies to promote consumption of adequate diets. New knowledge of nutrient needs and food components in relation to resistance to diseases leads to better methods of insuring availability of appropriate foods and acceptance of nutritionally sound food habits. The information obtained from dietary surveys, family economic aspects of food choices, and attitudes and behaviors is used to advise action agencies regarding food assistance programs, economic support and education programs to improve the health of Americans.

Selected examples of recent progress:

Computer model of copper metabolism in humans developed. A compartmental model of copper metabolism in adult men will allow scientists to predict normal and abnormal copper metabolism from simple experiments. The computer model was developed by ARS scientists in San Francisco, California, who conducted a study of copper metabolism in healthy young men. A stable isotope of copper was used as a tracer to follow the metabolic fate of copper. Stable isotopes can be used without risk and with no exposure to radioactivity. Stable isotope data and a computer simulation modeling program were used to develop the model. It predicted the amounts of copper in tissues that cannot be sampled in humans and demonstrated that copper metabolism is tightly regulated. It is the first computer model of copper metabolism in humans.

Protein RDA may not be enough for lactating women. The metabolic cost of lactation to the mother has not been taken into account in the recommended daily allowance (RDA) for an adequate maternal diet, which traditionally has been based on sufficient milk production and infant growth patterns. Scientists at the ARS Children's Nutrition Research Center and Baylor College of Medicine in Houston conducted a controlled study in which dietary protein equal to habitual, recommended, and inadequate levels was fed to four lactating women, four nonlactating women, and four women who had not given birth. Rates of body protein synthesis and breakdown were significantly lower in lactating than nonlactating women at all levels of dietary protein. The results suggest that the body protein metabolism of a lactating women adapts quickly to altered dietary protein intake.

and the current RDA for protein of 1.0 g/kg may not be enough to meet the needs of a well-nourished lactating woman.

Lean meat improves blood lipid profiles without impairing calcium balance or excessively increasing body iron stores. High meat consumption has been suggested to increase the risk to cardiovascular disease by causing unfavorable changes in blood cholesterol and increases in iron stored as ferritin. Also, high protein intake has been associated with calcium loss and thus osteoporosis. However, ARS scientists in Grand Forks, North Dakota, found that when lean beef, chicken, ham and tuna replaced foods of low mineral content in a low meat diet, the high meat diet resulted in better overall lipid profiles: HDL-cholesterol ("good" cholesterol) was increased, and triglycerides were decreased. Calcium retention was similar on both diets; this shows that protein from meat does not increase calcium loss from the body. Although iron retention was similar on the high and low meat diets with similar iron content, the high meat diet actually decreased two substances associated with iron metabolism - ferritin and iron binding capacity. These findings indicate that lean meat, an excellent source of protein and other nutrients can be a healthy food choice for consumers.

Vitamin D requirements identified for reduction in rate of bone loss in older women. While it has been established that consumption of generous amounts of calcium help to reduce the risk of osteoporosis, similar information concerning intakes of vitamin D, which modulates calcium absorption and utilization, has not been available. ARS scientists at Boston, Massachusetts conducted a randomized trial in healthy postmenopausal women to determine whether 200 IU of vitamin D per day, the current RDA, is adequate to minimize wintertime and overall bone loss. Women were treated with 500 mg of elemental calcium per day and either 100 IU or 700 IU of vitamin D to bring mean total daily intakes to 200 IU and 800 IU, respectively. They found that 200 IU of vitamin D is adequate to minimize bone loss from the spine in calcium-replete postmenopausal women but a higher intake is needed to minimize bone loss from the hip. These results may prove important to determining dietary changes necessary to reduce the risk of osteoporosis in older women.

The percentage of calories from fat in the U.S. diet decreases. Three-day dietary intake data from USDA's most recently completed nationwide food consumption survey, the Continuing Survey of Food Intakes by Individuals 1989-91, indicate that Americans are obtaining about 35 (34.8) percent of calories from fat. This percentage has decreased considerably from 1977-78, when survey results indicated the percentage of calories from fat to be about 40 percent. However, the percentage remains above a Dietary Guidelines for Americans recommendation to limit total fat intake to no more than 30 percent of calories. While few differences in the food sources of fat between males and females are seen, large differences are seen by age. Thirty-two percent of fat in the diets of children 5 years of age and younger comes from milk products. This percentage declines for both males and females as they age. For adults, meat, poultry, and fish provide a larger proportion of daily fat than do other food groups.

Vitamin E and/or selenium deficiency increases heart damage caused by virus. Certain viruses are known to attack heart muscle thereby weakening the organ leading to enlargement and subsequent congestive heart failure. Evidence from China suggested that nutritional deficiency of selenium might promote the cardiotoxic effect of these viruses. Scientists at Beltsville, Maryland and the University of North Carolina have shown in a mouse model of the human disease that low dietary intake of vitamin E also potentiates the heart-damaging effect of the viruses. Furthermore, deficiency of either nutrient allows normally benign strains of these viruses to induce significant cardiopathology. Extrapolation of these results to other viruses, suggests that deficiency of certain antioxidant nutrients might intensify the disease-producing potential of viruses.

Body processes are not impaired by a moderate lack of dietary methyl groups. An adequate supply of "methyl groups" is necessary for the growth and maintenance of many body tissues and functions. Our body chemistry can make its own methyl groups, but we also obtain methyl groups from the diet. Severe and long-term deficiency of

methyl groups has been associated with increased risk of cancer and premature aging. ARS scientists in San Francisco, California, in collaboration with scientists at the UCLA School of Public Health, studied the effects of moderate dietary methyl group restriction in healthy adult men by varying the dietary intake of certain amino acids (methionine) and other dietary substances (folic acid and choline) which supply methyl groups. There was no effect of the dietary methyl group restrictions on the amount of methyl rich compounds in the blood and urine of the subjects. Therefore, a moderate lack of dietary substances involved in body methyl group supply does not significantly impair body methylation processes.

Three B complex vitamins are associated with plasma homocysteine in older adults and risk of stroke. Recent studies have demonstrated associations between some cardiovascular diseases and elevated levels of homocysteine, a nonprotein forming amino acid. ARS scientists at Boston, Massachusetts, have found that higher dietary intake and blood levels of folate, vitamin B6 and vitamin B12 have been linked to reduced plasma levels of homocysteine. Further, they have demonstrated that the relative risk of carotid artery stenosis increases with each increment in plasma homocysteine concentration. This association is related to the status of folate, vitamin B6 and vitamin B12 and independent of traditional vascular disease risk factors.

Awareness of diet-disease relationships higher for cholesterol than for fats. Public-health efforts to increase consumer awareness of diet-disease relationships aim to make consumers understand that what they eat may affect their health. Data from USDA's Diet and Health Knowledge Survey indicate that household main meal planners/preparers were more aware of health problems associated with cholesterol intake than of problems associated with intake of fat or saturated fat. This finding has important implications for nutrition education programs, since intake of saturated fats has a bigger impact on blood cholesterol levels--and therefore, on risk for heart disease--than does intake of either total fat or cholesterol.

Consumption of fruits and vegetables in the population is low. Data from USDA's Continuing Survey of Food Intakes by Individuals 1989-91 indicate that about 52 percent of adult men and 46 percent of adult women eat no fruit on any given day and about 17 percent of adult men and women eat no vegetables. Fruits and vegetables are major sources of vitamins A and C in the diet. Survey data show that average intakes of vitamin C by women who ate no fruit were only 60 to 80 percent of the Recommended Dietary Allowances. Average intakes of vitamin C for women eating fruit are above the RDA. Individuals who eat no fruit generally consume more calories from fat (37 percent) than the general population (35 percent).

Sodium intakes exceed recommended levels. The Committee on Diet and Health of the National Research Council has recommended that daily intake of salt (sodium chloride) be limited to 6 g. This translates into a daily sodium intake of 2,400 mg. Data from USDA's 1989-91 Continuing Survey of Food Intakes by Individuals indicates that sodium intakes by all groups of males 3 years and older and most groups of females 6 years and older exceed this recommended level even though salt added at the table was excluded from the estimate. Only about 35 percent of individuals reported never adding salt to food at the table, while 11 percent indicated that they use ordinary salt very often.

RESEARCH IN INTEGRATION OF AGRICULTURAL SYSTEMS

Current Activities: The solution to important national problems faced by agriculture requires the integration of components of research from all areas of the agricultural and natural resource system. These include soils, water, climate, plants, insects, diseases, animals, and people. A primary objective of systems research is to package research results into products that aid or improve the timeliness and pertinence of decisions made by managers of agricultural systems and to evaluate their impact on society as a whole. Systems research can result in lower input costs, higher returns, better quality products, more efficient resource use, reduced environmental impact, and improved sustainability of agricultural production systems that meet long-term societal needs.

Systems research teams are typically composed of scientists from several disciplines who are often stationed at more than one location. Team members are linked together through national information networks to share concepts and databases required to build models. Mathematical models are one of several systems tools that can serve as surrogates for the real system on which experiments can be performed to estimate the system's response over time to alternative environments or management practices. Besides simulation models, decision support systems can be devised that integrate available knowledge, including simulation models, records of personal experience and observations, and error analysis, into a system that permits a manager to consider and compare options. Furthermore, systems research, with or without computer models, addresses the interaction of many components that together constitute a system, such as an agroecosystem.

Selected examples of recent progress:

Computer model of soybean crop predicts yield and helps farmers make management decisions. Many factors affect crop yield; they interact with each other in complex ways that are not obvious. The Systems Research Laboratory, Beltsville, Maryland, has developed a computer program, GLYCIM, that simulates a summer of soybean crop growth in 3 minutes. It predicts yield for various management scenarios and helps farmers optimize their inputs to enhance yield and reduce environmental pollution. The program gives advice based on soil conditions, fertilizer use, and weather. It has been introduced in a pilot project to farmers in Mississippi who use it to select varieties for their particular soil types, optimize irrigation and pesticide applications, and make decisions about planting or harvesting times. In a recent survey the farmers using the program claimed an increase in yields of as much as 29 percent and up to 400 percent improvement in irrigation efficiency.

Precision farming research in Missouri shows promise for improving profitability while protecting the agroecosystem. Threats to water resources by agricultural chemicals and the need to maintain farm profitability make it increasingly important to develop and implement farming systems which minimize use of fertilizers and pesticides. In precision farming, electronic sensors, computers, and digital information systems determine the amount of fertilizer and pesticide needed for each location within a field, and then automatically control the location-specific delivery of these chemicals. Research at Columbia, Missouri, has included development of electronic sensors and measurement systems for soil properties and crop yields, along with field implementation and evaluation of precision farming methods. Research results have been used by innovative farmers who are beginning to apply precision farming methods in commercial agriculture and by agribusiness firms developing equipment and services to support them.

Variable water and chemical applications expected to conserve water and reduce degradation of water quality. Uniform water and chemical application practices for optimum crop production on nonuniform soils result in overapplication of water and chemicals in some areas of a field causing leaching and degradation of water quality. A linear-move irrigation system was modified to differentially apply water and fertilizers or pesticides at very low rates in response to remotely sensed growing conditions throughout a field. A Global Positioning System determines the location of sensed data, while a Geographic Information System manipulates these data and produces output. This output is integrated with a commercially available computerized control panel that monitors and controls the irrigation system. The final product, which integrates remote sensing, data management, and control technologies, will enable farmers to apply the right amount of water and chemicals where needed on much of the 17.5 million acres irrigated by center pivot and linear-move sprinklers.

Development of improved monitoring systems for sweetpotato whitefly. The sweetpotato whitefly is a key pest of cotton and other spring and fall crops in the Southwestern United States. Critical to the effective management of this pest is a monitoring system for estimating pest population density. Through field research over the past 2 years in central Arizona, ARS scientists in Phoenix, Arizona, have developed efficient and cost-effective sampling methods for all life stages of the

sweetpotato whitefly. These sampling techniques have been adopted as standard methodologies by researchers throughout the cotton belt and also form the basis for recommendations in the management of whiteflies by the Cooperative State Extension Services in Arizona and California. These methods are being used by pest control advisors and growers to aid rational decisions making for the judicious applications of insecticides for pest suppression.

NEXRAD radar technology is helping in areawide management of corn earworm. The sudden and unexpected arrival of millions of migrant corn earworms in U.S. corn and cotton crops makes current field-by-field control methods ineffective. In order to control moths at the sources of migration, ARS scientists at College Station, Texas, have made significant progress in tracking the origin of migrant moths by using NEXRAD radar. The scientists are using the National Weather Service's network of Doppler weather radar (NEXRAD) for detecting insect migrations. Scientists can detect the number, speed, and direction of insects flying in clear air and near weather fronts. Regional monitoring of wind, precipitation patterns, and migration of insects is being used to develop effective areawide pest management programs that will eliminate or greatly reduce the use of pesticides on cotton and corn crops by farmers.

Hopper, a decision-support method for managing ecological systems. To assist pest managers in making decisions about rangeland grasshopper control, ARS and Animal and Plant Health Inspection Service (APHIS) scientists in Bozeman, Montana, have cooperatively developed a computer decision-support package called Hopper. Hopper, developed under the 1987-1994 cooperative Grasshopper IPM Project, provides assistance to ranchers and decision makers in evaluating innovative strategies for rangeland grasshopper management. Using recent advances in computer technology, Hopper provides grasshopper managers with the most complete biological base and economic analyses available anywhere. As part of the final year of the Grasshopper IPM Project, Hopper training sessions are being conducted for APHIS Directors throughout the 17 western United States.

AGRICULTURAL INFORMATION AND LIBRARY SERVICES

Current Activities:

In response to the increasing demand for technical information on agriculture, NAL continues to emphasize improving access to agricultural information through the advancement of electronic technologies; promoting ongoing cooperative collection development activities nationally and internationally, and expanding the coverage of NAL's computerized bibliographic database AGRICOLA (AGRICultural OnLine Access).

New initiatives underway focus on utilizing and applying state-of-the-art information technology. This includes the development and enhancement of ISIS (Integrated System for Information Services), NAL's on-line union catalog and the compilation and distribution of CD-ROM's of important agricultural literature under the National Agricultural Text Digitizing Program. New approaches to expanding the benefits of improved information services specifically geared to USDA users are also explored. One such program provides online dial-up access to ISIS for the ARS regional libraries as well as for other research sites to provide electronic capability of searching the holdings of NAL, the National Arboretum and the ARS regional libraries.

Incorporation of electronic resources, including the use of the Internet, is transforming the basic functions and services of the library. For example, electronic technologies are now used to acquire and process new library materials, reference questions can be asked and answered electronically via the Internet and by modem, and the resources of the library are increasingly being made available to end users directly in electronic form.

Selected Examples of Recent Progress:

NAL Internet Initiatives.

NAL Gopher Established. Immediate electronic access to the resources and services of NAL is now available worldwide through the Internet. NAL has established the NAL "Gopher," which in Internet terminology is the means through which a person can connect to various other computers and retrieve information. The NAL Gopher can be reached by anyone having access to the Internet at "gopher.nalusda.gov70." The NAL Gopher provides access to information made available by NAL's information centers (currently 8 of 11 centers provide information through the Gopher). Agricultural subjects covered are alternative farming systems, animal welfare, biotechnology, food and nutrition, plant genome, rural information (including rural health information), water quality and youth development.

Document Delivery. NAL now accepts Internet requests for information about NAL holdings, collection access and document delivery services. By sending an Internet message to NAL addressed to "circinfo@nalusda.gov," Internet users may request information on: titles in the NAL collection (journal, article, book, translation, audiovisual, and other media or types); how to borrow the title or obtain a photocopy; and NAL and USDA services, programs and policies. NAL also negotiated agreements with certain publishers to scan and retain articles in electronic format, which enables documents to be delivered to USDA researchers in approximately 6 hours.

Interactive Access to Plant Genome Database. NAL now provides access to the USDA Plant Genome Database via the Internet. The database consists of genome data from five species groups: wheat, maize, soybean, pine and Arabidopsis, as well as relevant bibliographic data from NAL's AGRICOLA database. The database provides links to other relevant databases such as DNA and protein sequence databases, and the ARS GRIN (Germplasm Resources Information Network).

AGRICOLA Database. AGRICOLA, the backbone of the NAL collection, consists of

records for literature citations of journal articles, monographs, theses, patents, software, audiovisual materials, serials and technical reports relating to all aspects of agriculture. It is a catalog and index to the NAL collection which now contains over 3 million records. Coverage of AGRICOLA is international in scope with records representing materials in over 65 different languages from 160 different countries. Currently approximately 65 percent of the records are for English-language documents, and over 1,500 individual scientific and agricultural journals are indexed into AGRICOLA by NAL. In support of USDA's Plant Genome Research Program, NAL continues to expand coverage of plant genetics literature in AGRICOLA, which now contains over 25,000 citations related to molecular genetics.

Food Safety

Food Irradiation Research Materials Available Electronically. NAL selected thousands of pages of non-accessible government research reports on the topic of food irradiation to be digitized and published on a CD-ROM. A scientist with an expertise in food irradiation is selecting documents for inclusion on the CD-ROM, and a database of the complete collection is being established.

Foodborne Illness Education Information Center. The USDA Food Safety Inspection Service and the U. S. Food and Drug Administration have collaborated with NAL's Food and Nutrition Information Center to establish an information center to track all public and private sector educational materials dealing with foodborne illness. A database containing this information is now available on the Internet.

International Programs

Workshop on Inter-American Cooperation. NAL and the Inter-American Development Bank co-hosted an Inter-American Workshop on Agricultural Information in an effort to begin to design a sustainable and progressive infrastructure for increasing opportunities for library networking, technology exchange, and human and institutional resource sharing. The Workshop brought together key leaders in the information community from a cross-section of the Americas as well as representatives from major international agricultural information and donor organizations. The final Report of the Workshop, *Regional Plan for the Establishment of an Inter-American Agricultural Information Network: Report of the Inter-American Planning Workshop for Information Transfer and Networking*, represents a consensus reached on the identification of priority areas to address in improving access to agricultural information in the Americas. Overall, achieving this goal of improving access to agricultural and scientific information benefits all of the countries involved, including the United States.

World List of Agricultural Serials. NAL issued the second edition of the World List of Agricultural Serials CD-ROM. This CD-ROM database contains approximately 65,000 serial records, an increase of approximately 8,500 records over the original CD-ROM edition. The new edition contains every serial title for which NAL has created an electronic cataloging record through December 1993. Titles indexed in AGRICOLA are also indicated, and are current through the 1994 list of journals indexed in AGRICOLA by NAL.

AGRICULTURAL RESEARCH SERVICE

Buildings and Facilities:

For acquisition of land, construction, repair, improvement, extension, alteration, and purchase of fixed equipment or facilities as necessary to carry out the agricultural research programs of the Department of Agriculture, where not otherwise provided, [\$43,718,000], \$30,200,000 to remain available until expended (7 U.S.C. 2209(b)): Provided further, that funds may be received from any State, other political subdivision, organization, or individual for the purpose of establishing any research facility of the Agricultural Research Service, as authorized by law.

AGRICULTURAL RESEARCH SERVICE
BUILDINGS AND FACILITIES

Appropriation Act, 1995	\$43,718,000
Budget Estimate, 1996	<u>30,200,000</u>
Decrease in Appropriation	<u>-13,518,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

<u>Facilities</u>	<u>1995 Estimated</u>	<u>Program Changes</u>	<u>1996 Estimated</u>
Arizona: Maricopa Agricultural Center, Maricopa	\$396,000	-\$396,000	--
Arkansas: National Rice Research Center, Stuttgart	4,752,000	-4,752,000	--
California: Western Regional Research Center, Albany	919,000	-919,000	--
U.S. Horticultural Crop and Water Management Research Laboratory, Parlier	2,630,000	-2,630,000	--
Florida: Horticultural Research Laboratory, Ft. Pierce	2,900,000	-2,900,000	--
France: European Biological Control Laboratory, Montpellier	--	+2,600,000	\$2,600,000
Illinois: National Center for Agricultural Utilization Research, Peoria	--	+11,700,000	11,700,000
Iowa: National Swine Research Center, Ames	6,259,000	-6,259,000	--
Kansas: U.S. Grain Marketing Research Laboratory, Manhattan	950,000	-950,000	--
Louisiana: Southern Regional Research Center, New Orleans	2,934,000	-2,034,000	900,000
Maryland: Beltsville Agricultural Research Center, Beltsville	3,960,000	+6,040,000	10,000,000
Mississippi: National Center for Natural Products, Oxford	3,578,000	-3,578,000	--
National Center for Warm Water Aquaculture, Stoneville	1,747,000	-1,747,000	--
New York: Plum Island Animal Disease Center, Greenport	1,168,000	+3,832,000	5,000,000
South Carolina: U.S. Vegetable Laboratory, Charleston	5,544,000	-5,544,000	--
Texas: Plant Stress and Water Conservation Laboratory, Lubbock	1,051,000	-1,051,000	--
Subtropical Agricultural Research Laboratory, Weslaco	3,009,000	-3,009,000	--
West Virginia: National Center for Cold Water Aquaculture	<u>1,921,000</u>	<u>-1,921,000</u>	<u>--</u>
TOTAL AVAILABLE	<u>43,718,000</u>	<u>-13,518,000</u>	<u>30,200,000</u>

PROJECT STATEMENT
(On basis of available funds)

	1994 Actual	1995 Estimated	Increase or Decrease	1996 Estimated
PROJECT	AMOUNT	AMOUNT		AMOUNT
Total Obligations.....	\$34,687,251	\$35,000,000	-\$2,000,000	\$33,000,000
Unobligated Balances: Available, Start of Year.....	-56,029,096	-54,084,845	-8,718,000	-62,802,845
Available, End of Year.....	54,084,845	62,802,845	-2,800,000	60,002,845
Total Available or Estimate.....	32,743,000	43,718,000	-13,518,000(1)	30,200,000

BUILDINGS AND FACILITIES

(1) A net decrease of \$13,518,000 for Buildings and Facilities, consisting of:

- a) An increase of \$2,600,000 for construction of a new facility for the European Biological Control Laboratory, Montpellier, France.

The Biological Control of Weeds Laboratory - Europe, established in Rome in 1958 and the European Parasite Laboratory established near Paris in 1919, were combined in September, 1991 as the European Biological Control Laboratory in Montpellier, France. This laboratory is one of two overseas biological control laboratories of ARS.

Many of the insect pests and weeds in the United States are of European or Asian origin. Many have become problems of national importance. The insect pests attack crops and domestic animals, ornamentals, and forests; the weeds infest millions of acres of pasture, croplands, and natural areas. Annually, millions of dollars in losses are caused by immigrant pests.

The mission of the European Biological Control Laboratory in Montpellier is to discover, conduct research on, and introduce suitable natural enemies (insects, mites, and pathogens) into the United States to abate these insect pests and weeds. Using biological control strategies will be an important component of technology to meet the Administration goal for IPM implementation.

The laboratory's research and service program is in support of U.S. based ARS laboratories and APHIS. The laboratory cooperates extensively with biological control specialists in State agencies and universities throughout the United States and the world. The laboratory serves as the focal point of ARS exploration in Eurasia, the Middle East, North Africa, and as a source of information on biological control activities.

The continued success of the European Biological Control Laboratory depends upon construction of an appropriate facility. The current facilities which were to be "temporary" are crowded and dispersed. It represents a serious impediment to the laboratory's operation.

Presently, the European Biological Control Laboratory's facilities consist of:

- o Laboratory/office space (4300 sq. ft.) in one building on one site.
- o Laboratory/office space (1900 sq. ft.) in another building at another site.
- o Greenhouses, auxiliary quarantine gardens, temporary laboratories, storage and a shop in five other, rented locations.
- o A quarantine facility (400 sq. ft.).

The laboratory does not presently have a quarantine greenhouse. This represents a serious deficiency for the program.

The new laboratory will consist of utility and site development work and 850 square meters of offices, laboratories and greenhouses.

Funding in the amount of \$2.6 million is requested to proceed with the construction of a new laboratory. To date, \$331,000 has been spent for the purchase of a new laboratory construction site in Montpellier, and \$100,000 has been committed for professional services.

The planning and design for the new laboratory is expected to be completed in the fourth quarter of FY 1995. This cost was funded from the FY 1993 appropriations for miscellaneous facilities. Requested funds will be sufficient to complete this project.

- b) An increase of \$10,000,000 for the modernization of facilities at the Beltsville Agricultural Research Center, Beltsville, Maryland.

The Beltsville Agricultural Research Center (BARC) was established in 1910. Current land resources total 7,000 acres and accommodate more than 800 buildings and structures in support of the full spectrum of ARS research programs, including natural resources and environmental sciences, plant and animal productivity, product quality, and human nutrition studies. The ARS staff at Beltsville totals about 1,500 including 400 scientists.

BARC is the largest research center in ARS and is the largest agricultural research center in the world in terms of program scope and concentration of scientists. BARC has long enjoyed a worldwide image of preeminence in the agricultural sciences because of its long history of research quality, contributions to agriculture, and prominent scientists. It is the headquarters for ARS' national program leadership. In addition, 18 other Federal and State agencies such as FDA, EPA, GIPSA, and FSIS have offices or laboratories at BARC, or have facilities adjacent to the Center.

Modernization of facilities at BARC began in FY 1985. An economic analysis study of the cost effectiveness of gut and rebuild modernization construction versus demolish and build new modernization construction has been completed. Consolidation will be accomplished by demolishing small buildings, and combining the space into larger buildings, so that similar programs can be clustered and infrastructure consolidated.

The FY 1995 budget for Buildings and Facilities included an increase of \$3,960,000 for BARC for the gut and rebuild construction of Building 004. Funds are needed in FY 1996 to continue with the vigorous implementation of the BARC modernization plan.

ARS proposes an increase of \$10,000,000 in FY 1996 specifically for:

Controlled Environmental Facility. This proposed new facility would relocate environmental chambers from throughout BARC to a central location strategically located between the Range 2 greenhouse and the new Plant Sciences Institute building. The design is expected to be completed in the second quarter of FY 1995. Construction funds estimated at \$4.7 million, is required for FY 1996.

New Beltsville Human Nutrition Research Center Facilities. The BHNRC space needs can best be met with a new 42,000 NSF building, and gutting and rebuilding Building 307 to provide a total of 78,000 NSF. The design funds, estimated at \$1.6 million for the new 42,000 NSF building, will start the modernization effort to meet the modernized space needs.

Beltsville Agricultural Research Center - East Infrastructure Design. The economic analysis space study was completed in first quarter of 1995. The funds, estimated at \$2 million, will provide the basis to begin the major infrastructure construction that needs to be completed so that adequate utilities will be available when new or existing buildings yet to be modernized are completed.

Miscellaneous Small Projects/Contingency. In FY 1996 ARS is requesting \$1.7 million for small projects and contingencies. The following small projects are scheduled for FY 1996: demolition of facilities; minor facility renovations to provide swing space for personnel dislocated by other

modernization projects, and repairs to parking lots and roads. In addition, ARS is setting aside a contingency fund to cover unforeseen developments that may occur during design and construction of other modernization projects.

- c) An increase of \$12,600,000 for the modernization of facilities at ARS Regional Research Centers: Peoria, Illinois (\$11.7 million) and New Orleans, Louisiana (\$0.9 million).

Outmoded facilities are hampering the ability of ARS scientists to conduct advanced research. The Agency has also experienced problems in attracting the best scientists when they are presented with old, deteriorated laboratory facilities. Existing facilities contain numerous building and environmental code deficiencies. Specifically, it is recommended that additional resources be targeted toward the Agency's ongoing efforts to renovate and modernize two of the major national research centers--Peoria, Illinois and New Orleans, Louisiana. An investment of resources is essential for these Centers to regain the scientific capacity necessary to deliver viable and timely research discoveries that contribute to development of new markets at home and abroad.

Because these Centers are aging, all major building systems--heating, ventilation, air conditioning, electrical, roofs, and infrastructures (paving, steam and water lines, and waste treatment disposal systems)--have either reached or passed their useful life expectancy. Other prevalent facility deficiencies involving safety and health needs, such as asbestos removal and building code upgrade requirements need to be corrected.

Additional appropriations are required in FY 1996 to allow ARS to proceed with the phased modernization efforts at the National Center for Agricultural Utilization Research (NCAUR) at Peoria, Illinois and the Southern Regional Research Center (SRRRC) at New Orleans, Louisiana. Phasing construction of major renovations is necessary in major laboratories while individual laboratories or wings of laboratories are being renovated since the Agency has virtually no swing space in which to house displaced scientists. The major needs for these Centers in FY 1996 are as follows:

NCAUR North Wing and Semi-Works Building Chemical Wing. Construction of the North Wing and Semi-Works Building, and planning of the Chemical Wing--\$11.7 million.

A phased renovation plan has been developed, and Phase II will complete the renovation of the North Wing including the Pilot Plant and the Semi-Works Building. Renovation of the Pilot Plant will provide modules for industrial and bioprocessing scaleup research. Renovation of adjoining areas in the North Wing will provide laboratory space for the support of the Pilot Plant modules. The Semi-Works Building renovation will provide the necessary heating and cooling capacity for the North Wing.

SRRRC Chemical Wing. Construction of Phase II site repairs - \$900,000.

The completion of Phase II site repairs will complete the funding required for all necessary construction in the Chemical Wing and exterior site repairs. Work included in this phase will involve replacement of electrical transformers, replacement of electrical primary cable, storm drainage repairs, and other miscellaneous site repairs. Outstanding modernization needs include the Administration Wing, Pilot Plant, and the Industrial Wing.

- d) An increase of \$5,000,000 for the modernization of the Plum Island Animal Disease Center, Greenport, New York.

The Plum Island Animal Disease Center (PIADC) was established by an Act of

Congress in 1954. The former Fort Terry facility complex, which was active until the end of World War II, was transferred from the Department of Defense to USDA. It is located on a Federally owned 840-acre island located about two miles off the eastern tip of Long Island, New York.

Plum Island is not only a unique national resource, but also a hemispheric resource conducting state-of-the-art research and diagnostic work on foreign animal diseases. Foreign animal diseases are an ongoing threat to United States livestock. The United States must have a special center for foreign animal disease diagnosis and research. Plum Island is the only site in the United States authorized by Congress to carry out research on foot and mouth disease. There are no alternative Federal or non-Federal mainland sites available with adequate biocontainment facilities to conduct this research.

The APHIS foreign animal disease control program is also located at PIADC. APHIS' control program relies very heavily on slaughter of infected and in-contact animals, with burial or burning of carcasses, and chemical spraying of insect vectors. Increasing public concern about animal welfare, ground water pollution, air pollution, and chemical hazards of pesticides makes development of alternative control strategies a very high priority. Also important is the development of better vaccines with quicker response, antiviral drugs for prophylaxis on in-contact animals, and more sensitive agent-detection methods. National competitiveness and prosperity of United States agriculture require the United States to encourage novel control strategies, such as development of transgenic cattle, sheep, and swine resistant to major foreign animal diseases (such as hoof-and-mouth disease, African swine fever, trypanosomiasis), that could be exported by United States breeders to countries where these diseases are major restraints on production. Major renovation of the Center is needed to ensure high quality research and biosafety operations.

In 1989, ARS and APHIS began to develop an overall long-range plan for the repair and maintenance of the 23 remaining buildings and supporting infrastructure after consolidation. An architectural engineering firm has completed a detailed study of facility condition and code deficiencies that total an estimated \$90 million.

ARS proposes an increase of \$5 million for PIADC in FY 1996 to provide for the continuation of the phased plan to modernize the Center. Specific projects to be addressed in FY 1996 include:

Wastewater Treatment Plant Decommissioning. In FY 1994 a contract was awarded for a replacement waste water treatment plant. In accordance with the Federal Facility Compliance Agreement, coordination was made with the New York State Department of Environmental Conservation, whereby ARS agreed to the decommissioning of the existing plant and removal of all residual sludge. The cost of this decommissioning is estimated at \$2.0 million.

Above Ground Storage Tank. In accordance with the provisions of the Federal Facility Compliance Agreement, ARS has undertaken a program to upgrade the aboveground fuel storage facilities. In FY 1994 a design was begun to address problems in three construction phases. In FY 1995, construction of Phase I will be awarded to correct deficiencies with containment and repair of two tanks. In FY 1996 ARS is requesting \$2.5 million to replace the existing pipeline from the harbor to the storage tank.

Miscellaneous. The design and construction of small modernization projects as well as support costs are estimated at \$500,000.

In addition, APHIS is proposing an increase of \$3,500,000 for FY 1996. This represents their share of the PIADC modernization which cost will be used for electrical and infrastructure updates and repairs, fire safety, and environmental concerns.

- (e) A decrease of \$43,718,000 to delete funds provided in the FY 1995 Appropriation Act.

Funds for projects contained in the FY 1995 Appropriation Act are available until expended and are not required in FY 1996.

A decrease of \$43,718,000 is proposed to delete funds provided in the FY 1995 Appropriation Act.

Agricultural Research Service
Status of Construction Projects as of January 1995

Status of research facilities authorized or funded in prior years and reported as uncompleted in the 1995 Explanatory Notes, is as follows:

NOTE:

Design criteria, provided by ARS, specifies the program requirements for the facility and forms the basis for negotiation of architect-engineer contracts. Diagrammatic drawings or concept drawings provide the basis for the first review of the architect's design. Tentative drawings or architect's design are provided by the architect for firming up cost estimates and basis for developing the completed, and final working drawings.

Location and Purpose	Year	Amount of Funds Provided	Description
Arizona-Maricopa Agricultural Research Center	1995 Planning	\$ 396,000	Project scope, budget, and schedule will be developed in the Second Quarter of FY 1995.
Arkansas-Stuttgart National Rice Research Center	1991 Planning	222,997	Design for the new facility is complete. Construction is scheduled to be awarded in the Second Quarter of FY 1995.
	1992 Planning	729,000	
	1993 Construction	702,000	
	1994 Construction	3,828,000	
	1995 Construction	4,752,000	
	Total	10,233,997	
California-Albany Western Regional Research Center	1994 Planning and Construction	1,161,000	Redesign of Phase 7 is scheduled in the Second Quarter of FY 1995 for completion by the Third Quarter of FY 1996. Construction of Phase 7 is estimated at \$6.4 million.
	1995 Construction	919,000	
	Total	2,080,000	
California-Parlier Horticultural Crop and Water Management Research Laboratory	1993 Planning	300,000	Pre-design/design contract was awarded in the First Quarter of FY 1995 for completion by the Third Quarter of FY 1996.
	1994 Planning	2,630,000	
	1995 Construction	2,630,000	
	Total	5,560,000	
District of Columbia U.S. National Arboretum, Brickyard Restoration	1989 Reprogrammed for Design and Construction	2,000,000	Phase 1 of construction of the Brickyard Restoration Project is complete. Phase 2 was awarded in the Fourth Quarter of FY 1994 for completion by the Third Quarter of FY 1995.
	1994 Construction	1,256,346a/	
		3,256,346	
Water System Upgrade	1992 Planning	400,000a/	Phases 1 and 2 of construction are in progress for completion by the Second Quarter of FY 1995.
	1993 Construction	400,000a/	
	1994 Construction	400,000a/	
	1995 Construction	500,000	
	Total	400,000a/	
		2,100,000	

Status of Construction Projects as of January 1995 (cont'd)

<u>Location and Purpose</u>	<u>Year</u>	<u>Amount of Funds Provided</u>	<u>Description</u>
<u>Florida/Hawaii</u> Emergency Relief	1992 Planning and Construction	\$15,000,000	Repairs to damaged facilities in Miami, Florida, and Kauai, Hawaii, have been made and are now functional at an expenditure of \$1.9 million.
<u>Florida, Ft. Pierce</u> Horticultural Research Laboratory	1994 Planning 1995 Construction Total	2,900,000 2,900,000 5,800,000	Pre-design and design contract was awarded in the Fourth Quarter of FY 1994 for completion by the Second Quarter of FY 1996.
<u>Georgia, Athens</u> Poultry Disease Laboratory	1992 Planning 1993 Construction Total	400,000 677,000 1,077,000	The design for the new facility, which is 35% complete, is currently on hold pending determination of future course of action by the Agency.
<u>Illinois, Peoria</u> National Center for Agricultural Utilization Research	1992 Planning 1993 Planning Total	1,825,000 1,545,000 3,370,000	The design for the Pilot Plant and the Semi-Works Building is complete. The design of the Chemical Wing is anticipated for award in the First Quarter of FY 1996.
<u>Iowa, Ames</u> National Animal Disease Center, Necropsy	1991 Planning 1994 Construction Total	299,996 3,900,000 4,199,996	The design for a stand-alone necropsy facility with an incinerator is complete. Construction is currently in progress for completion by the First Quarter of FY 1996.
<u>National Swine</u> Research Center	1992 Planning and Construction 1993 Planning and Construction 1994 Construction 1995 Construction Total	1,800,000 1,524,000 4,524,000 6,259,000 14,107,000	Design for the Office/Laboratory Complex is complete. Construction award for the Office/Laboratory Complex is scheduled for the Second Quarter of FY 1995. Design contract for the Farm Complex is anticipated in the Second Quarter of FY 1995.
<u>Kansas, Manhattan</u> U.S. Grain Marketing Research Laboratory	1995 Planning	950,000	Project scope, budget, and schedule will be developed in the Second Quarter of FY 1995.
<u>Louisiana, New Orleans</u> Southern Regional Research Center	1992 Construction 1993 Planning and Construction 1994 Construction 1995 Construction Total	1,950,000 1,651,000 2,667,000 2,934,000 9,202,000	Construction of Phases 3, 4, and 5 is currently in progress. Construction award for Phases 6 and 7 is scheduled for the Fourth Quarter of FY 1995, using construction appropriations provided in FY 1994 and 1995.

Status of Construction Projects as of January 1995 (cont'd)

Location and Purpose	Year	Amount of Funds Provided	Description
Maryland, Beltsville BARC Modernization of Facilities	1988 Modernization	\$ 5,750,000	<u>Ongoing Projects:</u> <u>1992 Funds:</u> Construction: -- Upgrade Waste Water Treatment Facility Phase 2 (BARC-East) to be completed by the Second Quarter of FY 1995. -- Plant Science Facility Construction of new facility to be completed by the Second Quarter of FY 1995. <u>1993 Funds:</u> Design: -- (Study) Animal Office/Laboratory Consolidation (including Animal Parasitology Unit using cluster concept.) Study is complete. -- Controlled Environmental Facility To be completed in the Second Quarter of FY 1995. Construction: -- Waste Water Treatment Facility at BARC-West Scheduled for completion by the Second Quarter of FY 1995. <u>1994 Funds:</u> Design: -- Building 004 Modernization Awarded in the First Quarter of FY 1995 for completion by the First Quarter of FY 1996. -- (Study) Consolidated Poultry and Livestock Facility Awarded in the First Quarter of FY 1995 for completion by the Second Quarter of FY 1996. Construction: -- Building 001 Modernization Scheduled for completion in the Second Quarter of FY 1996. -- Electrical System Upgrade (BARC-West) Scheduled for completion in the Second Quarter of FY 1996. -- Water System Upgrade Awarded in the First Quarter of FY 1995 for completion by the Second Quarter of FY 1996. <u>Planned Projects:</u> <u>1995 Funds:</u> Construction: -- Construction of Building 004 is scheduled for award in the Third Quarter of FY 1996.
	1989 Modernization	6,100,000a/	
	1990 Modernization	9,860,000	
	1991 Modernization	15,999,792	
	1992 Modernization	16,000,000	
	1993 Modernization	13,547,000	
	1994 Modernization	19,700,000b/	
	1995 Modernization	3,960,000	
	Total	90,916,792	

Status of Construction Projects as of January 1995 (cont'd)

Location and Purpose	Year	Amount of Funds Provided	Description
Michigan, East Lansing Regional Poultry Research Center	1992 Planning	\$ 250,000	Pre-design contract for the Laboratory/Office modifications/additions is complete.
	1993 Planning	212,000	
	Total	462,000	
Minnesota, Morris Soil and Water Laboratory	1991 Planning	299,996	Redesign of facility to allow for construction phasing is complete. Construction of Phase 1 is scheduled for award in the Second Quarter of FY 1995.
	1992 Construction Total	825,000 1,124,996	
Mississippi, Oxford National Center for Natural Products	1988 Feasibility and Planning	50,000c/ 400,000c/	Construction of Phase I of the facility is in progress, with completion expected by the First Quarter of FY 1996.
	1989 Planning		
	1990 Planning and Construction	3,875,000d/ 5,174,933c/	
	1991 Construction	5,175,000c/	
	1992 Construction	4,382,000c/	
	1993 Construction	4,382,000c/	
	1994 Construction	3,578,000c/	
	1995 Construction	27,016,933	
	Total		
Mississippi, Stoneville National Center for Warm Water Aquaculture	1991 Planning and Construction	1,199,985e/ 1,100,000e/	Aquaria Building and deep well, as well as pond sites 1, 2, and 3, are complete. Design of Laboratory/Office complex is also complete. Construction of the Laboratory/Office complex is on hold until project is fully funded.
	1992 Construction	931,000e/	
	1993 Construction	1,716,000e/	
	1994 Construction	1,747,000e/	
	1995 Construction	6,693,985	
	Total		
New York, Greenport Plum Island Animal Disease Center, Consolidation of Facilities	1981 Building 257 Construction	1,200,000	Construction of the new ARS and APHIS administrative facilities is complete. Renovation of existing laboratory facilities to complete consolidation project is scheduled for completion in the Second Quarter of FY 1995.
	1989 Construction Default		
	1990 Settlement Default	7,805,398	
	1990 Interest	3,006,003	
	1991 APHIS share of Consolidation	5,241,450	
	1992 APHIS share of Consolidation	1,496,000	
	1992 ARS Construction Total	3,000,000 21,748,851	

Status of Construction Projects as of January 1995 (cont'd)

Location and Purpose	Year	Amount of Funds Provided	Description
Modernization of Facilities	1993 Design and Construction	\$2,540,000	The construction of the Waste Water Treatment Plant is scheduled for completion in the Second Quarter of FY 1995. FY 1995 construction appropriation will be used for construction of Phase 1 Fuel Oil Storage/Distribution System and for miscellaneous modernization projects.
	1994 Construction	1,475,000	
	1995 Construction	1,168,000	
	Total	5,183,000	
Ohio, Lucas County Demonstration Greenhouse	1992 Planning and Construction	187,000e/	Construction of the greenhouse is scheduled for completion in the Second Quarter of FY 1995.
	1993 Construction	158,000e/	
	1994 Construction	200,000e/	
	Total	545,000	
Oregon, Corvallis Northwest Small Fruit Center	1990 Feasibility Study	50,000	Construction of the new facility is scheduled for completion in the Second Quarter of FY 1995.
	1991 Planning	174,998	
	1992 Construction	1,900,000	
	Total	2,124,998	
South Carolina, Charleston U.S. Vegetable Laboratory	1988 Feasibility Planning and Construction	50,000	Design of Phase 1 of the new facility is complete. Construction is on hold until the project is fully funded.
	1994 Construction	1,135,000	
	1995 Construction	909,000	
	Total	5,544,000	
Texas, Lubbock Plant Stress and Water Conservation Laboratory	1978 Feasibility Planning	100,000	Construction of Phase 1-Headhouse/Greenhouse is complete. Construction of Phase 2 is on hold until the project is fully funded.
	1979 Planning	800,000	
	1984 Planning	500,000	
	1990 Construction	500,000	
	1991 Planning	599,992	
	1992 Construction	1,300,000	
	1993 Construction	1,101,000	
	1994 Construction	551,000	
	1995 Construction	1,051,000	
	Total	6,502,992	

Status of Construction Projects as of January 1995 (cont'd)

<u>Location and Purpose</u>	<u>Year</u>	<u>Amount of Funds Provided</u>	<u>Description</u>
<u>Texas, Meslaco</u> Subtropical Agricultural Research Laboratory Modernization	1994 Planning 1995 Construction Total	\$1,400,000 3,009,000 4,409,000	The design will be accomplished in multiple phases with construction awards using the FY 1995 funding for Phase I occurring in the Fourth Quarter of FY 1995 and in the Third Quarter of FY 1996.
<u>Washington, Yakima</u> U.S. Fruit and Vegetable Laboratory	1988 Planning 1989 Construction 1990 Construction 1991 Construction 1992 Construction Total	1,000,000 900,000 1,000,000 5,049,934 5,050,000 12,999,934	Construction of new facility is in progress for completion by the Second Quarter of FY 1996.
<u>West Virginia</u> National Center for Cold Water Aquaculture	1995 Planning	1,921,000	Site selection, project scope, budget, and schedule will be developed in the Third Quarter of FY 1995.
<u>Wisconsin, Madison</u> Greenhouse for the Cereal Crops Research Unit, Barley and Malt Laboratory	1992 Planning and Construction 1993 Construction Total	175,000 148,000 323,000	Project is being redesigned in line with funds available for construction. Construction contract is scheduled for award in the Fourth Quarter of FY 1995.
<u>ARS Facilities</u> <u>Miscellaneous</u>	1993 Relocation	1,270,000	Funds are being used for relocation to new facilities, as follows: (1) \$300,000 for pre-design of the new laboratory at Parlier, California. This was awarded in the First Quarter of FY 1995 for completion by the Third Quarter of FY 1996. (2) \$500,000 for design of the new laboratory at Montpellier, France. This will be completed by the Fourth Quarter of FY 1995. (3) Remaining funds are earmarked for construction of a new laboratory at Ft. Pierce, Florida.

- a/ Appropriated under ARS Salaries and Expense Account.
- b/ Appropriated under USDA Rental Payments Account.
- c/ Appropriated to ARS and transferred to CSRS.
- d/ Appropriated to CSRS.
- e/ Grant Award.

COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE

Explanatory Statement

RESEARCH AND EDUCATION

Research and Education programs administered by the Cooperative State Research, Education, and Extension Service (CSREES) are the U.S. Department of Agriculture's principal entree to the university system of the United States for the purpose of conducting agricultural research and education programs as authorized by the Hatch Act of 1887, as amended (7 U.S.C. 361a-361i); the Cooperative Forestry Research Act of 1962, as amended (16 U.S.C. 582a-7); Public Law 89-106, Section (2), as amended (7 U.S.C. 450i); and the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as amended (7 U.S.C. 3101 et seq.). Through these authorities, the U.S. Department of Agriculture participates with State and other sources of funding to encourage and assist the State institutions in the conduct of agricultural research and education through the State Agricultural Experiment Stations of the 50 States and the territories; by approved Schools of Forestry; the 1890 Land-Grant Institutions and Tuskegee University; Colleges of Veterinary Medicine; and other eligible institutions. The funds appropriated provide Federal support for research and education programs at these institutions.

The State institutions conduct research and experiments on the problems continuously encountered in the development of a permanent and sustaining agriculture and forestry, and in the improvement of the economic and social welfare of rural and urban families. Because of differences in climate, soil, market outlets, and other local conditions, each State has distinct problems in the production and marketing of crops and livestock. Farmers, foresters, and rural people in the individual States naturally look to their State Agricultural Experiment Stations, universities, and colleges for solution of the State and local problems and request services to help meet changing conditions.

Research programs at State institutions, to be most effective, include participation in regional and national programs. Joint effort by a group of State institutions is the most effective and often the only practical approach to problems of common interest. The stations are acting together as regional groups to provide cooperative, coordinated attacks on problems of regional and national interest. In a similar manner, the research programs of the State institutions and the Department of Agriculture are complementary and interdependent.

The Federal formula funds constitute a powerful force in bringing about inter-State cooperation and Federal-State collaboration in the planning and conduct of this overall program of agricultural research. Therefore, the impact of the Federal formula funds is far greater than would be expected solely on the basis of the amount of funds provided.

Research at the State institutions is organized into a program of projects that is submitted for approval by the Cooperative State Research, Education, and Extension Service. The program of projects is financed wholly or in part from Federal formula and grant funds. Programs and projects are evaluated periodically with station scientists by research and education administrators and scientific staff. The evaluation includes consideration of quality and productivity of the program and projects. The continuing process of research evaluation by station scientists and the research and education staff results in a dynamic program with approximately 15 to 20 percent of the projects being replaced by new and/or revised projects each year.

The Department's higher education mission is carried out in strong alliance with States, universities, and the private sector. Recognizing the significance of this alliance, the Food and Agriculture Act of 1977 designated USDA as the lead Federal agency for higher education in the food and agricultural sciences. Through the CSREES Office of Higher Education Programs, USDA has implemented that charge with a broad array of initiatives to link teaching, research, and extension and improve the training of food and agricultural scientists and professionals. Most of these efforts were informal until 1984, when the

Department initiated the National Needs Graduate Fellowships Grants Program to develop expertise in areas with scientific shortages. This role was expanded significantly in recent years by implementation of the Higher Education Challenge Grants Program, the 1890 Institution Teaching and Research Capacity Building Grants Program, and the Higher Education Multicultural Scholars Program, all of which are intended to strengthen the quality of education programs at U.S. colleges and universities.

Program coordination and planning are carried out by a research and education staff located entirely in the Washington, D.C. area. This headquarters unit serves more than 12,000 scientists in the university system of the United States. As of September 30, 1994, there were 216 full-time employees and 6 other than full-time employees.

Appropriations for research and education activities are authorized under the following Acts:

1. Payments to agricultural experiment stations under the Hatch Act Agricultural Experiment Stations Act of August 11, 1955, Hatch Act of 1887 as amended - 7 U.S.C. 361a-361i, Public Law 92-318; Public Law 93-471; Public Law 95-113, as amended; Public Law 95-134; Public Law 96-205; Public Law 96-374; Public Law 96-597; Public Law 97-98; Public Law 98-213; Public Law 98-454; Public Law 99-198; Public Law 99-396; Public Law 101-624.

Funds under the Hatch Act are allocated to the State Agricultural Experiment Stations of the 50 States, District of Columbia, Puerto Rico, Guam, the Virgin Islands, Micronesia, American Samoa, and Northern Mariana Islands for research to promote a sound and prosperous agriculture and rural life.

The foundation of the Federal-State partnership in agricultural research is provided jointly through formula Hatch funding and matching State revenue. Hatch funding provides sustained research activities in agricultural priority areas to address precommercial and/or non-appropriable technologies of public need. Hatch funded research is complementary to ARS National Research Programs and State-based research, addressing technology gaps through coordinated programs. This mixed portfolio of activities, funded by distinct authorities, completes a well-rounded national agricultural research agenda that has, for the past century, allowed U.S. agriculture to become the envy of the rest of the world.

The Hatch Act provides that the distribution of Federal payments to States for fiscal year 1955 shall become a fixed base and that any sums appropriated in excess of the 1955 level shall be distributed in the following manner:

- 20% shall be allotted equally to each State.
- not less than 52% shall be allotted to the States as follows: one-half in an amount proportionate to the relative rural population of each State to the total rural population of all States, and one-half in an amount proportionate to the relative farm population of each State to the total farm population of all States.
- not more than 25% shall be allotted to the States for cooperative research in which two or more State Agricultural Experiment Stations are cooperating to solve problems that concern the agriculture of more than one State.
- 3% shall be available to the Secretary of Agriculture for the administration of this Act.

The Act also provides that any amount in excess of \$90,000 available for allotment to any State exclusive of the regional research fund, shall be matched by the State out of its own funds available for research, and for the establishment and maintenance of facilities necessary for the performance of such research. Also, in the case of Guam, the Virgin Islands, Micronesia, American Samoa, and Northern Mariana Islands, agencies are required by law to waive any requirement for local matching funds under \$200,000. If any

State fails to make available a sum equal to the amount in excess of their matching requirement to which it may be entitled, the remainder of such amount shall be withheld by the Secretary of Agriculture and reapportioned among the States.

Three percent of funds appropriated under the Hatch Act is set-aside for Federal administration. Administration includes disbursement of funds and a continuous review and evaluation of the research programs of the State Agricultural Experiment Stations supported wholly or in part from Hatch funds. The Cooperative State Research, Education, and Extension Service encourages and assists in the establishment of cooperation within and between the States, and also actively participates in the planning and coordination of research programs between the States and the Department at the regional and national levels.

2. Cooperative Forestry Research - The Cooperative Forestry Research Act of October 10, 1962, 16 U.S.C. 582a-7; Public Law 96-374; Public Law 97-98; Public Law 99-198; Public Law 101-624.

The Act authorizes funding of research in State institutions certified by a State representative designated by the governor of each State. The Act provides that appropriated funds be apportioned among States as determined by the Secretary after consultation with the legislatively mandated Forestry Research Advisory Council of not fewer than sixteen members representing Federal and State agencies concerned with developing and utilizing the Nation's forest resources, the forest industries, the forestry schools of the State-certified eligible institutions, State Agricultural Experiment Stations, and volunteer public groups concerned with forests and related natural resources. Determination of apportionments follows consideration of pertinent factors including areas of non-Federal commercial forest land, volume of timber cut from growing stock, and the non-Federal dollars expended on forestry research in the State. The Act also provides that payments must be matched by funds made available and budgeted from non-Federal sources by the certified institutions for expenditure for forestry research. Three percent of funds appropriated under this Act is set-aside for Federal administration.

The public benefits from the McIntire-Stennis Program in two major ways, as intended by Congress - by the solution of forestry and related resource problems through research and development, and by the provision of a continuing cadre of forestry research leaders for the Nation through involvement in forestry research while graduate students.

3. Payments to 1890 Colleges and Tuskegee University - The National Agricultural Research, Extension, and Teaching Policy Act of 1977, Section 1445, Public Law 95-113; Public Law 95-547; Public Law 97-98; Public Law 99-198; Public Law 101-624.

Public Law 95-113, as amended, provides for support of continuing agricultural research at colleges eligible to receive funds under the Act of August 30, 1890, including Tuskegee University. The agricultural research programs at the 1890 Land-Grant Colleges and Universities are designed to generate new knowledge which will assist rural underprivileged people and small farmers obtain a higher standard of living. Therefore, there is a high concentration of research effort in the areas of small farms, sustainable agriculture, rural economic development, human nutrition, rural health, and youth and elderly. Beginning with fiscal year 1979, there shall be appropriated funds for each fiscal year, an amount not less than 15 percent of the total for such year under Section 3 of the Act of March 2, 1887. Distribution of payments made available under section 2 of the Act of August 4, 1965, for fiscal year 1978 are a fixed base and sums in excess of the 1978 level shall be distributed as follows:

- 3% shall be available to the Secretary of Agriculture.
- Payments to States in fiscal year 1978 are a fixed base. Of funds in excess of this amount:
- 20% shall be allotted equally to each state.
- 40% shall be allotted in an amount proportionate to the rural population of the State in which the eligible institution is located to the total rural population of all States in which eligible institutions are located, and

-40% shall be allotted in an amount proportionate to the farm population of all the States in which eligible institutions are located.

Allotments to Tuskegee University and Alabama A&M University shall be determined as if each institution were in a separate state. Three percent of the funds appropriated under this Act is set-aside for Federal administration.

4. Special Research Grants - Section 2(c), Act of August 4, 1965, 7 U.S.C. 450i(c), as amended by Public Law 95-113; Public Law 97-98; Public Law 98-284; Public Law 99-198; Public Law 101-624.

Section 2(c) of the Act of August 4, 1965, as amended, authorizes Special Research Grants for periods not to exceed five years to State Agricultural Experiment Stations, all colleges and universities, other research institutions and organizations, Federal agencies, private organizations or corporations, and individuals for the purpose of conducting research to facilitate or expand promising breakthroughs in areas of the food and agricultural sciences of importance to the United States; and to State Agricultural Experiment Stations, land-grant colleges and universities, colleges and universities receiving funds under the Act of October 10, 1962, and accredited schools or colleges of veterinary medicine for the purpose of facilitating or expanding ongoing State-Federal food and agricultural research programs. Quick responses to emerging agricultural problems are often provided through Special Research Grants to USDA partner institutions. This grant authority supports meritorious research of national, regional, and interstate importance. Projects range from applied research and technology transfer studies that primarily focus on rural and economic development, environmental protection, enhanced agricultural productivity, integrated pest management, and biotechnology. Special Research Grants are awarded on a discretionary basis as well as using a competitive peer panel process in the selection of proposals to be funded. Four percent of funds appropriated for this program is set-aside for Federal administration.

Research grants are also awarded under the Critical Agricultural Materials Act, Public Law 98-284, as amended. Rangeland Research Grants are awarded in accordance with Subtitle M of Public Law 97-98. Grants are awarded to aquaculture centers under section 1475(d) of Public Law 95-113, as amended. Grants for supplemental and alternative crops are awarded under section 1473D of Public Law 95-113, as amended. Grants for sustainable agriculture research and education are awarded under section 1621 of Public Law 101-624. Three percent of funds appropriated for these programs is set-aside for Federal administration.

5. National Research Initiative Competitive Grants - Section 2(b), Act of August 4, 1965, 7 U.S.C. 450i(b), as amended by Public Law 95-113; Public Law 97-98; Public Law 99-198; Public Law 101-624.

Section 2(b) of the Act of August 4, 1965, as amended, authorizes Competitive Research Grants for periods not to exceed five years to State Agricultural Experiment Stations, all colleges and universities, other research institutions and organizations, Federal agencies, private organizations or corporations, and individuals to further the programs of the Department of Agriculture. The purpose of the National Research Initiative Competitive Grants Program is to support research with the greatest potential of expanding the knowledge base needed to solve current problems as well as meet unforeseen issues that will face the future agricultural and forestry enterprise. The NRICGP also was established to increase the proportion of research funds that the USDA distributes through competitive peer review, and to offer funding for fundamental and mission-oriented research in biological, physical, and social science areas that have national impact and are unlikely to be funded at the local or regional level. By obtaining the participation of outstanding researchers in the entire U.S. scientific community, emphasis will be placed on research in the areas of natural resources and the environment; nutrition, food safety, and health; plants; animals; markets, trade and rural development; and processing for adding value or developing new products. Four percent of funds appropriated for this program is set-aside for Federal administration.

6. Animal Health and Disease Research - The National Agricultural Research, Extension, and Teaching Policy Act of 1977, Section 1433, Public Law 95-113; Public Law 97-98; Public Law 99-198; Public Law 101-624.

Section 1433 provides for support of livestock and poultry disease research in accredited schools or colleges of veterinary medicine or State Agricultural Experiment Stations that conduct animal health and disease research. These funds provide support for new research initiatives and enhance research capacity leading to improved animal health, reduced use of antibacterial drugs and improved safety of foods of animal origin. These funds shall be distributed as follows:

- 4% shall be retained by the Department of Agriculture for administration, program assistance to the eligible institutions, and program coordination.
- 48% shall be distributed in an amount proportionate to the value of and income to producers from domestic livestock and poultry in each state to the total value of and income to producers from domestic livestock and poultry in all the states.
- 48% shall be distributed in an amount proportionate to the animal health research capacity of the eligible institutions in each state to the total animal health research capacity in all the states.

Eligible institutions must provide non-Federal matching funds in states receiving annual amounts in excess of \$100,000 under this authorization.

7. Federal Administration (direct appropriation) - Authority for direct appropriations is provided in the annual Agriculture, Rural Development, Food and Drug Administration and Related Agencies Appropriations Act. These funds are used to provide support services in connection with planning and coordination of all research and education programs administered by Cooperative State Research, Education, and Extension Service. Certain research and higher education program grants, including the 1890 Institution Teaching and Research Capacity Building Grants Program, are also funded under this item. The 1890 Institution Teaching and Research Capacity Building Grants program stimulates the development of high quality teaching and research programs at the 1890 Land-Grant Institutions and Tuskegee University to build their capacities as full partners in the mission of the Department to provide more, and better-trained, professionals for careers in the food and agricultural sciences. The program is designed to strengthen institutional teaching and research capacities, through cooperative programs with Federal and non-Federal entities, including curriculum, faculty, scientific instrumentation, instruction delivery systems, student experimental learning, student recruitment and retention, studies and experimentation, centralized research support systems, and technology delivery systems, to respond to identified state, regional, national, or international educational needs in the food and agricultural sciences.

8. Higher Education - The National Research, Extension, and Teaching Policy Act of 1977, Section 1417, Public Law 95-113; Public Law 97-98; Public Law 99-198; Second Morrill Act of 1890; Public Law 100-339; Public Law 101-624; Public Law 103-382.

Higher Education-Graduate Fellowships Grants pursuant to Section 1417(b)(6) are awarded on a competitive basis to colleges and universities to conduct graduate training programs to stimulate the development of food and agricultural scientific expertise in targeted national need areas. This program strengthens higher education in the food and agricultural sciences by producing graduates capable of fulfilling the Nation's requirements for professional and scientific expertise. The program is designed to attract highly promising individuals to research or teaching careers in areas of the food and agricultural sciences where shortages of expertise exist. Typically graduate students in the food and agricultural sciences require a minimum of four years to complete a doctoral degree. The USDA fellowships program provides support for doctoral study for three years, and the universities are expected to support the student's fourth year of dissertation research. Three percent of funds appropriated for this program is set-aside for Federal administration.

Institution Challenge Grants pursuant to Section 1417(b)(1) are designed to stimulate and enable colleges and universities to provide the quality of education necessary to produce graduates capable of strengthening the Nation's food and agricultural scientific and professional work force. The program is designed to strengthen institutional capacities, including curriculum, faculty, scientific instrumentation, instruction delivery systems, and student recruitment and retention, to respond to identified state, regional, national, or international educational needs in the food and agricultural sciences. All Federal funds awarded under this program must be matched by the universities on a dollar-for-dollar basis from non-Federal sources. Three percent of funds appropriated for this program is set-aside for Federal administration.

The Higher Education Multicultural Scholars Program pursuant to Section 1417(b)(5) will increase the ethnic and cultural diversity of the food and agricultural scientific and professional work force and advance the educational achievement of minority Americans. The public purpose of this program is to meet national and international needs for training food and agricultural scientists and professionals. The program is designed to help the food and agricultural scientific and professional work force achieve full participation by members of traditionally underrepresented racial and ethnic groups. It is open to all colleges and universities with baccalaureate or higher degrees in Agriculture, Forestry, Natural Resources, Home Economics, Veterinary Medicine, and closely allied fields. Federal funds provide 75 percent of the four-year scholarship awards; the remaining 25 percent is contributed by the grantee institutions. Three percent of funds appropriated for this program is set-aside for Federal administration.

The USDA-Hispanic Education Partnerships Grants Program pursuant to Section 1417(b)(1) will be the foundation for USDA efforts to better serve Hispanic Americans and to prepare them for careers in agriscience and agribusiness. This competitive program will expand and strengthen academic programs in the food and agricultural sciences at Hispanic-serving colleges and universities, including two-year community colleges, that have at least twenty-five percent Hispanic enrollment. Three percent of funds appropriated for this program is set-aside for Federal administration.

9. The Native American Institutions Endowment Fund authorized by Public Law 103-382 provides the first installment to establish an endowment for the 1994 land-grant institutions (29 Tribally- controlled colleges). This program will enhance educational opportunities for Native Americans by building educational capacity at these institutions in the areas of student recruitment and retention, curricula development, faculty preparation, instruction delivery systems, and scientific instrumentation for teaching. On the termination of each fiscal year, the Secretary shall withdraw the income from the endowment fund for the fiscal year, and after making adjustments for the cost of administering the endowment fund, distribute the adjusted income as follows. Sixty percent of the adjusted income from these funds shall be distributed among the 1994 Institutions on a pro rata basis, the proportionate share being based on the Indian student count. Forty percent of the adjusted income shall be distributed in equal shares to the 1994 Institutions.

EXTENSION ACTIVITIES

The Cooperative Extension System, a national educational network, is a dynamic organization pledged to meeting the country's needs for research, knowledge and educational programs that will enable people to make practical decisions. Its mission is to help people improve their lives through an educational process that uses scientific knowledge focused on issues and needs. Cooperative Extension work was established by the Smith-Lever Act of May 8, 1914, as amended. This work is further emphasized in Title XIV (National Agricultural Research, Extension, and Teaching Policy) of the Food and Agriculture Act of 1977, as amended.

To accomplish its mission, the Cooperative Extension System is constantly changing to meet the shifting needs and priorities of the people it serves. To fulfill the requirements of the Smith-Lever Act, the Cooperative Extension Service in each state, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Marianas and Micronesia, conduct educational programs to improve American agriculture, communities of all sizes, and strengthen families throughout the Nation.

This public funded, out-of-the classroom educational network combines the expertise and resources of Federal, state and local partners. The partners in this unique System are:

- o The Cooperative State Research, Education, and Extension Service of the U.S. Department of Agriculture (USDA);
- o Extension professionals at land-grant universities throughout the United States and its territories; and
- o Extension professionals in nearly all of the Nation's 3,150 counties.

Thousands of paraprofessionals and nearly 3 million volunteers support this partnership and magnify its impact. Strong linkages with both public and private external groups are also crucial to the Extension System's strength and vitality.

Cooperative Extension work is comprised of Base Programs which are the major educational efforts central to the mission of the System and common to most Extension units. They are the ongoing priority efforts of the System, involving many discipline-based and multi-disciplinary programs. The system's base programs are the foundation of the Extension organization. Base programs include Smith-Lever Formula 3(b&c), 1890 Institutions, and D.C. Extension

National initiatives are the system's commitment to respond to important problems of broad national concern with additional resources and significantly increased effort to achieve a major impact on national priorities. They are the current most significant and complex issues on which the Extension System has the potential to make a difference--usually in cooperation with other agencies, groups and units of government. Current National Initiatives are:

- | | |
|---------------------------------------|--------------------------------------|
| o Water Quality | o Food Quality and Safety |
| o Children, Youth, & Families At Risk | o Communities in Economic Transition |
| o Waste Management | o Decisions for Health |

o Sustainable Agriculture

o Plight of Young Children

Federal contributions are primarily derived from the Section 3b&c formula provisions of the Smith-Lever Act of 1914, comprising some 62% of the total FY 1994 Federal funding. These funds are allocated to the States on the basis of the rural and farm population of each State and the territories. The core of the State Extension Service programs is financed from these sources because of its discretionary nature. States can utilize funds for locally determined programs, as well as for high priority regional and national concerns.

Formula funding permits a consistent, stable, dependable, and reliable programming source for State and county Extension cooperators and allows maximum flexibility in addressing national, regional, and local problems and issues.

Other sources of Federal funding include the Smith-Lever 3d or earmarked funds which comprise approximately 26% of the total FY 1994 Federal contribution. These earmarked or targeted funds are allocated to the States to address special programs or concerns of regional and national importance and are primarily distributed according to the extent of the problem that requires attention in each State.

The following FY 1994 Extension programs were funded under the 3d funding mechanism and other specific authorizations:

Expanded Food and Nutrition Program (EFNEP) - Public Law 101-624, Section 1776, 7 U.S. C. 3175 - Funds are used to provide low-income families information to increase nutrition knowledge and improve nutritional practices. Generally, EFNEP funds are distributed to the States and territories on the basis of a poverty level formula of all the States living at or below 125% of the poverty level. Provisions are made for base funding to all States.

Pest Management - Public Law 101-624, Section 1650, 7 U.S.C. 5881 - This program consists of two major components: integrated pest management (IPM) and cotton pest management. IPM, active in all States as well as Guam, Puerto Rico and the Virgin Islands, addresses the efficient control of pest complexes on crops and livestock and in urban situations. Cotton pest management focuses on cotton insects and is an earmarked program in 11 States. Funds are distributed on the basis of a formula using boll weevil losses and pesticide sales in each State.

The Cooperative Extension System (CES) has established strong Integrated Pest Management (IPM) programs in each State and territory of the United States. Every CES IPM program strives to educate users of pesticides about the economic and environmental benefits of an IPM approach to pest management. The goals of these programs are to 1) minimize the impact of agriculture on the environment, ie; application of pesticides and soil erosion, and 2) maintain the profitability and international competitiveness of U.S. agriculture. The critical issues of water quality, endangered species, food safety, and farm worker safety are important elements of CES IPM programs. CES programs also educate homeowners and urban pest control professionals about IPM strategies for the lawn, garden, home and commercial structures.

Pesticide Impact Assessment (PIA) - This program provides for the most objective and accurate data available for defining and evaluating benefits and risks of selected pesticides having critical agricultural and forestry uses. PIA funds are generally distributed on a formula basis using farmer expenditures on pesticides and crops, and livestock cash receipts.

Farm Safety - The Rural Health and Safety Education Act of 1990, 7 U.S.C. 2661, Public Law 101-624, Section 2390 - This program provides farm and ranch residents in all the States with information to assist in reducing and preventing agricultural related work incidents. These funds

were distributed to the 50 States and Puerto Rico. Additionally, Extension works with States and the National Easter Seal Society in conducting AgriAbility projects designed to assist farmers with disabilities to stay in farming.

Rural Development Centers - This program provides funds at five regional centers in Pennsylvania, Mississippi, Oregon, Iowa and North Dakota. Programs are designed to improve the social and economic well being of rural communities in their respective regions. These funds are distributed according to the extent of the problem that requires attention in each state.

Water Quality - The Agriculture and Water Policy Coordination Act, 7 U.S.C. 5502, Public Law 101-624, Section 1483 - This program provides information concerning the impacts of agriculture on water quality. Funds are provided to States for Demonstration projects, Hydrologic Unit Area projects and other initiatives within the USDA Water Quality Plan. Funds are provided to all States, as well as competitively awarded to address critical areas of water quality programs.

Children, Youth, & Families At Risk - This program focuses on America's children, youth and families to help promote and provide positive, productive, secure environments and contributions to communities and the Nation. Projects are distributed to each State and awarded competitively to focus on child care, science and reading literacy and building program and community capacity.

Indian Reservation - Public Law 101-624, Section 1677, 7 U.S.C. 5930 - Projects are funded at over 17 sites throughout various Indian Reservations and State Extension Services. Focus is on providing assistance and educational programs in agriculture, community development, families and societal in issues facing Native Americans. Projects are competitively awarded.

Nutrition Education Initiative - Public Law 101-624, Section 1739, Section 11(F) 7 U.S.C. 2020(F) - Initially funded in 1993, the Cooperative Extension System nutrition educators are conducting innovative nutrition education programs with families enrolled in USDA's Federal Supplemental Food Programs for Women, Infants and Children (WIC). In order to address the objectives and goals of the Department's Nutrition Education plan and provide the outreach component of the Administration emphasis on increased WIC activity, projects were focused on, the development, implementation, and replication of successful programs to address the needs of this ever growing clientele. Funds are distributed to States based upon the review and approval of a specific plan of work related to this project and 14 projects were funded in FY94 to begin developing more intensive program efforts to reach this targeted limited resource audience with nutrition education.

Sustainable Agriculture - Public Law 101-624, Section 1629, 7 U.S.C. 5832 - Smith-Lever 3(d) funding for sustainable agriculture programs was initially provided in the FY 1994 Appropriations for Extension Service. These funds are used to address the activities described in Chapter 3 of Subtitle B of the FACT Act of 1990. The purpose is to provide education and training for Cooperative Extension Service agents, and other professionals in the university system or other government agencies, involved in the education and transfer of technical information concerning sustainable agriculture. Funds are used for statewide planning of sustainable agriculture programs and competitively awarded projects on a regional basis.

Food Safety - Food Safety and Quality is a specific high priority area for Extension. The USDA Pathogen Reduction Program recognizes CES's role in education and has identified CES as a cooperator for achieving specific goals, especially in pre-harvest pathogen reduction programs and education of food handlers and consumers. This complements the current CES priority areas of minimizing risks of foodborne illness through improper handling; reducing foodborne hazards in production and processing environments; and increasing understanding of food-related risks and

risk management. Funds are competitively awarded and distributed to each State for projects focused on food safety issues.

The Renewable Resources Extension Act - Renewable Resources Extension Act of 1978, 16 U.S.C. 1671, 16 U.S.C. 1671, Amended Section 5A. 16 U.S.C. 167a. - Provides funding for expanded natural resources education programs. Funds were distributed by formula to all States for educational programs. Funds are also provided for projects focused on addressing the Forestry Investment Plan of the President.

Ag Telecommunications - Public Law 101-624, Section 1673, 7 U.S.C. 5926 - This project is essential in moving the Cooperative Extension System forward in the areas of distance learning and computer networking. Within this program the Cooperative Extension System forms partnerships with other Federal agencies and distant learning networks.

Rural Health and Safety - Rural Health and Safety Education Act of 1990, Public Law 101-624, Section 2390, 7 U.S.C. 2661 - This program helps rural residents avoid the numerous obstacles to maintaining their health status. This project maintains the ongoing rural health project in Mississippi that focuses on training health care professionals in rural areas.

1890 Institutions - For over two decades, Extension Service has been working with the 1890 Institutions in fostering, developing, implementing and improving extension educational programs to benefit their clientele. The recently completed 1890's Facilities Program provided almost \$48 million for the construction, renovation and upgrade of the facility and equipment needed to operate Extension programs. Currently, a 5 year-\$50 million facilities program for research and extension programs is in its third year of operation at all 17 Institutions.

The 1890 Institutions, within the partnership of the Cooperative Extension System are almost totally dependent on Federal funds to conduct their legislated responsibilities. Federal funds provide support for the educational base programs, as well as, implementing programs focusing on specific national initiatives. Funding for the Extension programs at the 1890 Land-Grant Institutions and Tuskegee University address the needs of small-scale, minority farmers, and limited resource audiences.

Section 1444 of the 1977 Farm Bill provides that the funds made available to the 1890 institutions for Extension programs must be distributed to each state on the basis of a formula identical to the Smith-Lever 3(b&c) formula. These funds are used to maintain the Extension infrastructure at the 1890 Institutions and the partnership of the Cooperative Extension System.

Audit Reports

#50563-90-SF, 07/13/93, OMB Circular A-110 audit of Northern Marianas College for the two year period ended 09/30/90 (closed).

#50563-202-AT, 08/05/93, OMB Circular A-128 audit of Fort Valley State College for the fiscal year ended 06/30/89 (closed).

#50568-109-HY, 12/23/92, OMB Circular A-128 audit of the University of Puerto Rico for the fiscal years ended 06/30/87 and 06/30/88 (closed).

#50568-263-KC, 07/13/93, OMB Circular A-128 audit of the state of Montana for the two years ended 06/30/91 (closed).

#PS-0299-0022, 12/21/92, hotline complaint - University of Georgia (closed).

#13099-2-KC, 03/31/94, OIG Audit, Grantee Compliance with Small Business Innovation Research Program Provisions (open).

#7515, 12/06/93, OMB Circular A-128, audit of the University of Arkansas (closed).

#50561-220-SF, 02/24/94, OMB Circular A-133, audit of the University of Guam (closed).

#50563-206-AT, 02/16/94, OMB Circular A-133, audit of Clemson University (closed).

#50563-210-AT, 02/16/94, OMB Circular A-133, audit of the University of Southern Mississippi (closed).

#50560-001-HY, 05/20/94, OMB Circular A-133, audit of the University of Maine (closed).

#7515, 08/23/94, OMB Circular A-133, audit of William Marsh Rice University (closed).

#50568-273-KC, 06/16/94, OMB Circular A-128, audit of the state of Colorado (open).

Audits in Progress

Audit by OIG of the Oregon State and the Massachusetts Biotechnology Institute regarding grant number 90-34226-5799.

Audit by OIG of the Capacity Building Grants Program.

COOPERATIVE STATE RESEARCH, EDUCATION AND EXTENSION SERVICE
PERFORMANCE INDICATORS

Programs	FY 1994	FY 1995	FY 1996
Formula Programs:			
Hatch Act:			
Recipients.....	59	59	59
Dollars Awarded	163,712,594	162,867,331	162,867,331
Cooperative Forestry:			
Recipients.....	64	64	64
Dollars Awarded	19,871,159	19,769,675	19,769,675
Evans-Allen:			
Recipients.....	17	17	17
Dollars Awarded	26,881,076	26,749,764	26,749,764
Animal Health and Disease			
Research, Section 1433:			
Recipients.....	67	67	67
Dollars Awarded	5,231,226	5,204,661	5,204,661
Grant Programs:			
Special Research Grants:			
Recipients.....	400	345	278
Dollars Awarded	66,702,974	57,570,514	37,648,934
Other Grant Programs:			
Recipients.....	72	56	64
Dollars Awarded	12,356,282	13,693,093	15,740,035
National Research Initiative:			
Recipients.....	833	836	1,054
Dollars Awarded	96,631,441	97,018,118	122,304,000
Federal Admin. (Direct Approp.):			
Recipients.....	66	58	49
Dollars Awarded	18,381,723	17,780,153	10,131,165
Higher Education:			
Institution Challenge Grants:			
Recipients.....	24	70	24
Dollars Awarded	1,442,076	4,219,500	1,455,000
National Needs Graduate			
Fellowship Grants Program:			
Recipients.....	31	31	31
Dollars Awarded	3,384,459	3,395,000	3,395,000
Multicultural Scholars:			
Recipients.....	- -	37	19
Dollars Awarded	- -	1,924,160	970,000
Hispanic Educ. Partnership			
Grants:			
Recipients.....	- -	- -	20
Dollars Awarded	- -	- -	1,455,000
Morrill-Nelson:			
Recipients.....	57	- -	- -
Dollars Awarded	2,850,000	- -	- -
Buildings and Facilities:			
Recipients.....	30	67	- -
Dollars Awarded	40,950,490	79,163,790	- -
Native American Institutions			
Endowment:			
Recipients.....	- -	- -	29
Dollars Awarded	- -	- -	- - (a)

(a) The 29 tribal colleges will be eligible to participate. In fiscal year 1996, \$4.6 million is proposed. On the termination of each fiscal year, income from the endowment fund shall be withdrawn, and after adjustments have been made for administering the endowment funds, the adjusted income shall be distributed among the eligible recipients.

COOPERATIVE STATE RESEARCH,
EDUCATION AND EXTENSION SERVICE
EXTENSION ACTIVITIES

PERFORMANCE INDICATORS

The Cooperative State Research, Education, And Extension Service (CSREES) is currently in the process of developing performance measures and/or indicators as required by the Government Performance and Results Act, as well as conducting a GPRA pilot project with our partners in the Cooperative Extension System. This pilot project involves 7 states and provides performance measurement in 5 program areas. During fiscal year 1995, the outcomes and lessons learned from our GPRA pilot project will be used to continue our efforts in developing performance measures for the Federal partner.

GPRA Project Areas and Participating States:

CSREES programs are conducted in a partnership between the Federal government, the states through the land grant universities, and county governments. Programs are jointly funded by these three entities, and program managers have accountability and performance measurement responsibilities to these funding sources. A major focus of the GPRA pilot project effort is to explore alternative strategies for measuring performance and managing results of programs conducted through partnership arrangements. Seven states are participating in 5 program areas. The participating states and program areas are:

<u>PARTICIPATING STATES</u>	<u>GPRA PROJECT AREAS</u>
Alabama	o Communities in Economic Transition
Colorado	o Decisions For Health
Idaho	o Plight of Young Children
Iowa	o Food Safety and Quality
New York	o Pest Management
Ohio	
Texas	

GPRA Project and Program Performance Indicators:

The selection of program performance indicators for each of the programs included in the pilot were based on the extent to which they measured outcomes of the program, and provided program managers with information useful for determining the extent to which programs were fulfilling their desired objectives.

Because some programs will require several years to meet their desired objectives in terms of specific outcomes, it was not always possible to provide an outcome based performance measure. In those instances, intermediate measures of inputs or outputs are used. Where possible, outcome measures will be developed for these programs in the 1995 and 1996 performance plans.

GPRA PROGRAM: PERFORMANCE INDICATORS:

**Communities in
Economic Transition**

- o The number of communities that established/strengthened economic development planning networks.
- o The number of communities that successfully completed a comprehensive economic alternatives assessment.
- o The number of communities that engaged in job/enterprise development actions with Extension.
- o The number of jobs created and enterprises retained, expanded, or established as a result of community-based actions in communities Extension assisted with CET programs.
- o The number of participants in Extension CET programs who learned Best Management Practices (BMP) and the number of participants who adopted BMP.
- o The number of individuals who participate in new business start-up training.
- o The number of those individuals who indicated the training was useful in making a decision to start or not start a business.
- o Microenterprises established through technical assistance from Extension.

Decisions for Health

Program participants who adopted one or more of the *Healthy People 2000 National Health Objectives*:

- o The number reporting reduced dietary fat.
- o The reduction in numbers reporting low birth weight babies.
- o The number of people reporting reduced levels of high blood pressure.
- o The number of community (or county) action groups that implemented a community health plan during the past year.

Plight of Young Children

- o The number of live births by limited resource (LR) women who participated in nutrition and health education on prenatal care.
- o The number of limited resource family members and child-care givers who received instruction intended to reduce child abuse and neglect.
- o The number of limited resource teenagers who received instruction intended to reduce the number of unwed pregnancies.
- o The number of limited resource family members received instruction in parenting, nutrition, health, resource management, or housing.
- o The number of service providers reaching limited resource families with young children.
- o The number of LR parents who were actively involved in planning, implementing, and reviewing community programs to meet their needs.
- o The number of counties where Extension assisted community action groups in designing and implementing a plan.
- o The number of family resource centers established or strengthened with Extension education in two or more subject matter areas.

Food Safety and Quality

- o The number of participants in Extension food handling education programs.
- o The number of those participants who adopted the recommended food handling practices.
- o The number of Hazardous Analysis and Critical Control Point (HACCP) programs implemented.
- o The number of participants in Extension education programs on a current food safety issue.

Integrated Pest Management

- o The number of acres on which IPM strategies are being used.
- o The number of producers using IPM practices for each commodity.
- o The number of pounds of active ingredient per acre, the number of applications per season, and the number of acres treated for each commodity.

**COOPERATIVE STATE RESEARCH,
EDUCATION AND EXTENSION SERVICE**
Available Funds and Staff-Years
1994 Actual and Estimated, 1995 and 1996

Item	1994		1995		1996	
	Actual		Estimated		Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Direct Appropriations:						
Research and Education	444,123,000	205	433,431,000	211	436,812,000	226
Buildings and Facilities	53,977,000	10	62,744,000	10	- -	- -
Total, Research and Education	498,100,000	215	496,175,000	221	436,812,000	226
Total, Extension	435,982,000	202	438,737,000	170	437,552,000	170
Total CSREES Direct Appropriations ..	934,082,000	417	934,912,000	391	874,364,000	396
<u>Obligations under Other USDA</u>						
<u>Research and Education:</u>						
Alternative Agricultural Research and Commercialization Center:						
Administrative Support	56,069	- -	25,000	- -	- -	- -
Agricultural Research Service:						
Evaluation Studies	245,000	- -	245,000	- -	245,000	- -
Biotech. Risk Assessment	915,400	- -	915,400	- -	915,400	- -
Meat Science Symposium	3,500	- -	- -	- -	- -	- -
Animal Biotech. Workshop	4,104	- -	- -	- -	- -	- -
Research Apprenticeship Program	250,000	- -	250,000	- -	250,000	- -
Sustainable Agric. Conference	2,500	- -	- -	- -	- -	- -
Consolidated Farm Service Agency:						
Demonstration & Instr. Farm Project ..	42,340	- -	7,660	- -	- -	- -
Rural Business & Coop. Dev. Svc.:						
Rural Development Project	432,000	- -	- -	- -	- -	- -
Animal and Plant Health Inspection Service:						
Leafy Spurge Control	55,000	- -	55,000	- -	55,000	- -
Bioeconomic Models for Leafy Spurge :	45,000	- -	45,000	- -	45,000	- -
Crown & Root Buds of Leafy Spurge ..	24,000	- -	- -	- -	24,000	- -
Animal Biotech. Workshop	3,620	- -	- -	- -	- -	- -
Biocontrol of Sweet Potato Whitefly ..	25,000	- -	25,000	- -	25,000	- -
Biosafety Symposium	10,000	- -	- -	- -	- -	- -
Food Safety and Inspection Service:						
Animal Biotech. Workshop	3,620	- -	- -	- -	- -	- -
Forest Service:						
Biotech. Risk Assessment	85,000	- -	85,000	- -	85,000	- -
Atmospheric Deposition	132,625	- -	136,742	- -	136,742	- -
Foreign Agricultural Service:						
Animal Biotech. Workshop	4,100	- -	- -	- -	- -	- -
Natural Resources Conservation Service:						
Weed Control Strategies	29,700	- -	- -	- -	- -	- -
Various agencies sharing cost of USDA Small Business Innovation Research Program (SBIR)	969,007	- -	969,007	- -	969,007	- -
Various research agencies sharing cost of Current Research Information System (CRIS)	772,600	9	772,500	9	772,500	9
Various agencies sharing cost of Hispanic Association of Colleges and Universities Leadership Group ...	272,815	- -	- -	- -	- -	- -
Other Anticipated Reimbursements	- -	- -	727,094	- -	670,568	- -
Sub-Total, Other USDA Appropriation:	4,383,000	9	4,258,403	9	4,193,217	9

Item	1994		1995		1996	
	Actual		Estimated		Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Extension Appropriations:						
Agricultural Marketing Service:						
Pesticide Recordkeeping Regs	58,500	--	--	--	--	--
National Cons. for Div. Marketing	--	--	5,000	--	--	--
Consolidated Farm Service Agency:						
INFOSHARE	123,000	--	--	--	--	--
Colorado River Salinity	618,400	--	620,000	--	620,000	--
Options Pilot Programs	42,930	--	80,000	--	80,000	--
Sustainable Agriculture/Qual. Life	--	--	70,000	--	70,000	--
Educational Programs	586,812	--	350,000	--	350,000	--
Agricultural Research Service:						
Study: Cert. Crop Advisor Prog.	42,000	--	--	--	--	--
Moving and Support Services	15,914	--	21,528	--	16,000	--
Alternative Agricultural Research and Commercialization Center:						
Administrative Support	33,500	--	30,000	--	30,000	--
Economic Research Service:						
Water Quality Measures	--	--	30,000	--	--	--
Food Safety and Inspection Service:						
Database/Catalog for HACCP	10,000	--	--	--	--	--
Forest Service:						
FS AmeriCorps Training	--	--	38,250	--	--	--
FS Prognosis Project	10,391	--	--	--	--	--
SNAP Project (multiple locations)	45,000	--	45,000	--	--	--
INFO SHARE Office:						
INFO SHARE Factors Study	60,000	--	--	--	--	--
PLANETOR Fast Track Project	163,000	--	170,000	--	--	--
MAP Office:						
Rural Utilities Service:						
Develop Models for Business Dev.	700,000	--	--	--	--	--
Natural Resources Conservation Service:						
Farm Assessment System	--	--	140,000	--	70,000	--
Pest Management Specialist	82,000	--	--	--	--	--
Water Quality Measures	45,000	--	40,000	--	--	--
Urban Resources Partnership	65,000	--	--	--	--	--
Sub-Total, Other USDA Appropriation	2,742,947	--	1,639,778	--	1,236,000	--
Total CSREES, Oth. USDA Approp.	7,125,947	9	5,898,181	9	5,429,217	9
Total CSREES, Agriculture Approp.	941,207,947	426	940,810,181	400	879,793,217	405
Other Federal Funds:						
Research and Education:						
Army Corps of Engineers:						
Computerized Environmental Resource	76,983	--	206,814	--	--	--
Regional Recreation Demand Models	47,568	--	47,568	--	47,568	--
Waterway Network Research	146,703	--	146,703	--	146,703	--
Economic Impact Models	75,000	--	75,000	--	75,000	--
Ecological Functions of Wetlands	--	--	65,000	--	--	--
Functional Levels of Created Marshes	--	--	20,000	--	--	--
Water Management Alternatives	--	--	40,000	--	--	--
Outdoor Recreation Opportunities	--	--	100,000	--	--	--
Central Intelligence Agency:						
Plant Breeders Conference	20,000	--	--	--	--	--
Department of Commerce, NOAA:						
Atmospheric Deposition	189,395	--	180,470	--	180,470	--

Item	1994		1995		1996	
	Actual		Estimated		Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Department of Defense:						
Biodegradable Plastics Research	486,500	--	--	--	--	--
Alternative Deployment Pilot Project . . .	5,316,000	--	5,316,000	--	5,316,000	--
Non-Food Agric. Based Prod. & Tech. . .	1,725,000	--	2,000,000	--	2,000,000	--
Department of Energy:						
Science Educators Collaborative	174,000	--	174,000	--	174,000	--
PEAK Inst. for Science Educators	174,000	--	174,000	--	174,000	--
Michigan Inst. for Science Educators . .	174,000	--	174,000	--	174,000	--
Department of Interior:						
National Biological Survey,						
Atmospheric Deposition	63,000	--	63,000	--	63,000	--
Geological Survey, Atmospheric						
Deposition	497,345	--	514,597	--	514,597	--
National Park Service, Atmospheric						
Deposition	138,675	--	130,925	--	130,925	--
Environmental Protection Agency:						
Atmospheric Deposition	58,700	--	54,700	--	54,700	--
Nitrogen Testing for Water Quality . . .	50,000	--	50,000	--	50,000	--
Biosafety Symposium	10,000	--	--	--	--	--
Agric. in Concert with Environment . . .	751,792	--	650,000	--	650,000	--
Coastal Alabama Seafood Project	360,720	--	359,640	--	359,640	--
Food and Drug Administration:						
Veterinary Products Info. System	54,000	--	54,000	--	54,000	--
Investigational New Animal Drug						
(INAD) Coordinator	2,000	--	3,000	--	--	--
Naval Medical Research Institute:						
Enteric Diseases Program	8,000	--	--	--	--	--
Tennessee Valley Authority:						
Atmospheric Deposition	27,180	--	27,180	--	27,180	--
U.S. Air Force:						
SBIR Program	125,000	--	115,000	--	115,000	--
Other Anticipated Reimbursements	--	--	1,000,000	--	1,500,000	--
Total Research & Ed. Oth. Fed. Funds	10,751,561	--	11,741,597	--	11,806,783	--
<u>Extension Activities:</u>						
Department of Defense:						
Family Life Enrichment	1,780,963	--	1,900,000	--	2,000,000	--
Dept. of Health & Human Svcs.:						
Decision for Health Initiative Team . . .	35,000	--	35,000	--	35,000	--
Dept. of Housing & Urban Devel.:						
Access to INTERNET/USDA	19,000	--	--	--	--	--
4-H After-School Educ. Programs	200,000	--	--	--	--	--
Department of Interior:						
Fish & Wildlife Educational Programs . .	10,200	--	8,460	--	10,000	--
Environmental Protection Agency:						
Environmental Education Project	52,920	--	50,000	--	--	--
ES Liaison to EPA Region 6	47,685	--	50,000	--	50,000	--
Farmstead Assessment System	84,200	--	90,000	--	90,000	--
NTTW - Stored Grain PM	25,000	--	--	--	--	--
Pesticide Applicator Training	2,080,000	--	2,000,000	--	2,000,000	--
Pesticide Safety Material	190,000	--	200,000	--	100,000	--
Technical Assistance to EPA	40,000	--	50,000	--	40,000	--
Other Anticipated Reimbursements	0	--	3,600,000	--	8,600,000	--
Total, Extension Oth. Federal Funds . .	4,564,968	--	7,983,460	--	12,925,000	--
Total CSREES, Other Federal Funds . . .	15,316,529	--	19,725,057	--	24,731,783	--

Item	1994		1995		1996	
	Actual		Estimated		Estimated	
	Amount	Staff- Years	Amount	Staff- Years	Amount	Staff- Years
Non-Federal Funds:						
Extension Activities:						
AID-PASA International Extension	3,102,018	- -	8,500,000	- -	10,550,000	- -
Annie E. Casey Foundation:						
Educational Programs	75,000	- -	75,000	- -	75,000	- -
Federal Building Funds	49,493	- -	100,000	- -	100,000	- -
Federal Telecommunications System	2,800	- -	10,000	- -	10,000	- -
Cost Share Printing	100,000	- -	100,000	- -	100,000	- -
Total, Non-Federal Funds	3,329,311	- -	8,785,000	- -	10,835,000	- -
Total CSREES Available Funds	959,853,787	426	969,320,238	400	915,360,000	405

COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE

Permanent Positions by Grade and Staff-Year Summary

1994 and Estimated 1995 and 1996

Grade	1994		1995		1996	
	Wash., D. C.		Wash., D. C.		Wash., D. C.	
ES-6	2		1		1	
ES-5	3		2		1	
ES-4	6		6		6	
ES-2	1		1		1	
ES-1	3		2		2	
Senior Level	1		1		1	
GS-15	67		63		62	
GS-14	54		50		50	
GS-13	37		37		37	
GS-12	39		39		39	
GS-11	22		22		22	
GS-10	2		2		2	
GS-9	30		30		30	
GS-8	16		16		16	
GS-7	39		39		39	
GS-6	65		65		65	
GS-5	22		22		22	
GS-4	10		10		10	
GS-3	1		1		1	
GS-2	1		1		1	
Total Permanent Positions	421		418		417	
Unfilled Positions: end-of-year	-32		-49		-43	
Total, Permanent Employment, end-of-year	389		369		374	
Staff-Years: Ceiling	426		400		405	

COOPERATIVE STATE RESEARCH, EDUCATION, AND
EXTENSION SERVICE

CLASSIFICATION BY OBJECTS

1994 and Estimated 1995 and 1996

	1994	1995	1996
	-----	-----	-----
Personnel Compensation:			
Headquarters	\$21,517,261	\$21,797,000	\$22,194,000
Field	-	-	-
11 Total Personnel Compensation.....	21,517,261	21,797,000	22,194,000
12 Personnel Benefits	3,893,260	3,971,000	4,045,000
13 Benefits for former personnel	15,496	16,000	15,000
Total Pers. Comp. & Benefits .	25,426,017	25,784,000	26,254,000
Other Objects:			
21 Travel	1,869,028	1,911,000	1,730,000
22 Transportation of things	64,685	80,000	77,000
23.3 Communications, utilities & miscellaneous charges	1,879,590	1,835,000	1,660,000
24 Printing and reproduction	796,164	697,000	547,000
25.1 Consulting.....	193,605	215,000	235,000
25.2 Other services	1,695,731	2,686,388	1,134,489
25.3 Purchases/Goods & Svcs .	2,237,213	1,787,000	829,000
25.4 Operation of GOCO's	0	0	0
25.5 Res. & Dev. Contracts ...	0	0	0
26 Supplies and materials ...	558,082	543,000	452,000
31 Equipment	404,997	414,000	350,000
41 Grants, subsidies and contributions	889,928,492	919,933,251	848,194,511
Total other objects.....	899,627,587	930,101,639	855,209,000
Total direct obligations	925,053,604	955,885,639	881,463,000
	-----	-----	-----
Position Data:			
Average Salary, ES positions	\$110,255	\$111,331	\$113,386
Average Salary, SL positions	\$97,971	\$99,166	\$101,546
Average Salary, GM/GS positions	\$47,181	\$48,710	\$49,879
Average Grade, GM/GS positions	10.34	10.34	10.34

COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

[Cooperative State Research Service:]

1 Research and Education:

For payments to agricultural experiment stations, for cooperative forestry and other research, for facilities, and for other expenses, including \$171,304,000 to carry into effect the provisions of the Hatch Act [approved March 2, 1887, as amended, including administration by the United States Department of Agriculture, penalty mail costs of agricultural experiment stations under section 6 of the Hatch Act of 1887, as amended, and payments under section 1361(c) of the Act of October 3, 1980 (7 U.S.C. 301n.)] (7 U.S.C. 361a-361i); \$20,809,000 for grants for cooperative forestry research [under the Act approved October 10, 1962] (16 U.S.C. 582a-582-a7)[, as amended, including administrative expenses, and payments under section 1361(c) of the Act of October 3, 1980 (7 U.S.C. 301n.)]; \$28,157,000 for payments to the 1890 land-grant colleges, including Tuskegee University [, for research under section 1445 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977] (7 U.S.C. 3222)[, as amended, including administration by the United States Department of Agriculture, and penalty mail costs of the 1890 land-grant colleges, including Tuskegee University; \$52,295,000]; \$15,050,000 for [contracts and] special grants for agricultural research [under the Act of August 4, 1965, as amended] (7 U.S.C. 450i (c)); \$24,968,000 for special grants for agricultural research on improved pest control (7 U.S.C. 450i (c)); [\$103,123,000] \$130,000,000 for competitive research grants [under section 2(b) of the Act of August 4, 1965, as amended] (7 U.S.C. 450i(b)), [including administrative expenses;] to remain available until September 30, 1997; \$5,551,000 for the support of animal health and disease programs [authorized by section 1433 of Public Law 95-113, including administrative expenses; \$1,318,000] (7 U.S.C. 195); \$2,250,000 for supplemental and alternative crops and products [as authorized by the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as amended] (7 U.S.C. 3319d); [\$500,000 for grants for research pursuant to the Critical Agricultural Materials Act of 1984 (7 U.S.C. 178) and Section 1472 of the Food and Agriculture Act of 1977, as amended (7 U.S.C. 3318), to remain available until expended;] \$475,000 for rangeland research grants [as authorized by subtitle M of the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as amended; [\$8,990,000 for contracts and grants for agricultural research under the Act of August 4, 1965, as amended (7 U.S.C. 450i(c))] (7 U.S.C. 3331-3336); \$3,500,000 for higher education graduate fellowships grants [under section 1417(b)(6) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as amended] (7 U.S.C. 3152(b)(6)), [including administrative expenses,] to remain available until expended (7 U.S.C. 2209b); \$1,500,000 for a Hispanic-Serving Institutions Education Partnership Grants Program (7 U.S.C. 3152(b)(6)), to strengthen resident instruction at colleges and universities, including two-year community colleges, that have at least 25 percent Hispanic enrollment; [\$4,350,000] \$1,500,000 for higher education challenge grants [under section 1417(b)(1) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as amended] (7 U.S.C. 3152(b)(1))[, including

- administrative expenses]; \$1,000,000 for a higher education minority scholars program [under section 1417(b)(5) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as amended] (7 U.S.C. 3152(b)(5)), [including administrative expenses,] to remain available until expended (7 U.S.C. 2209b); [\$4,000,000] \$4,333,000 for aquaculture grants [as authorized by section 1475 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977] (7 U.S.C. 3322) [, and other Acts; \$8,112,000] \$9,500,000 for sustainable agriculture research and education [, as authorized by section 1621 of Public Law 101-624] (7 U.S.C. 5811)[, including administrative expenses];
- 7 \$10,550,000 shall be for a program of capacity building grants to colleges eligible to receive funds under the Act of August 30, 1890 (7 U.S.C. 321-326 and 328), including Tuskegee University, to remain available until expended (7 U.S.C. 2209b), and [\$19,954,000] \$1,765,000 for necessary expenses of [Cooperative State] Research and Education [Service] activities, [including coordination and program leadership for higher education work of the Department, administration of payments to State agricultural experiment stations, funds for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), of which \$9,917,000 shall be for a program of capacity building grants to colleges eligible to receive funds under the Act of August 30, 1890 (7 U.S.C. 321-326 and 328), including Tuskegee University, to remain available until expended (7 U.S.C. 2209b),] of which not to exceed \$100,000 shall be for employment under 5 U.S.C. 3109; in all, [\$433,438,000] \$432,212,000.
- 8 [None of the funds in the foregoing paragraph shall be available to carry out research related to the production, processing or marketing of tobacco or tobacco products.]

Native American Institutions Endowment Fund:

For establishment of a Native American Institutions endowment fund, as authorized by Public Law 130-382 (7 U.S.C. 301 note), \$4,600,000.

The first change renames the account as a result of the USDA reorganization.

The second change adds language for an improved pest control special grant program. At the request of the Department, funds for the Integrated Pest Management, the National Agricultural Pesticide Impact Assessment Program and Pesticide Clearance Programs are to be shown on a separate line citing the Special Research Grants authority as the basis for funding.

The third change adds language to provide for two-year funding of the National Research Initiative (NRI).

Two-year funding for the NRI would allow CSREES to apportion its grants processing more evenly throughout the year and thus utilize resources more efficiently. Deadlines for proposals could be scheduled so that the bulk of proposals from one deadline could be processed and completed before the next proposals are due. This would reduce the need for overtime as well as alleviate cramped physical quarters. It takes six months for NRI grant proposals to be reviewed and grants to be selected through the NRI merit review process. Once the review process is completed, the NRI program directors must then prepare the paperwork associated with the processing of research grants. This work is concentrated in August and September. Currently, approximately two-thirds of all the agency's grants and 95 percent of all NRI grants are reviewed and awarded by the grants specialists in the last quarter of the fiscal year. Other Federal granting

agencies, such as NSF and NIH, involved with extramural funding programs have had to move to two-year or no-year funding to physically handle the workload. By having the flexibility to receive grants on a steady basis throughout the year, a more timely and comprehensive review could be performed and less overtime work would be needed. The National Performance Review recommendation to provide line managers with greater flexibility to achieve results (BGT05) seeks to identify appropriations that should be converted to multi-year status. This change supports that recommendation and legislation has also been submitted to change the program's authorization in the Farm Bill to allow for 2-year funding.

The fourth and fifth changes delete language for programs proposed for elimination.

The sixth change adds language for a Hispanic-Serving Institutions Education Partnership Grants Program. This program will be the foundation for USDA efforts to better serve Hispanic Americans and to prepare them for careers in agriscience and agribusiness.

The seventh change reflects a name change as a result of the USDA reorganization.

The eighth change deletes language included within Public Law 103-330 prohibiting tobacco research. .

RESEARCH AND EDUCATION

Appropriations Act, 1995	\$433,438,000
Budget Estimate, 1996	436,812,000

Increase in Appropriations	+3,374,000

Adjustments in 1995:

Appropriations Act, 1995	\$433,438,000
Transfer of EEO Counseling function to Departmental Administration (Office of Civil Rights Enforcement) a/	-7,000

Adjusted base for 1995	433,431,000
Budget Request, 1996	436,812,000

Increase from adjusted 1995	3,381,000

a/ Pursuant to the authority given to the Secretary in Reorganization Plan No. 2 of 1953, the equal employment opportunity counseling function was consolidated in the Office of Civil Rights Enforcement, per Secretary's Memorandum No. 1020-42, September 26, 1994.

SUMMARY OF INCREASES/DECREASES

Item of Change	1995 Estimated	Pay Cost	Program Changes	1996 Estimated
Payments under the Hatch Act ...	\$171,304,000	- -	- -	\$171,304,000
Cooperative forestry research ..	20,809,000	- -	- -	20,809,000
Payments to 1890 colleges and Tuskegee University	28,157,000	- -	- -	28,157,000
Special research grants	75,690,000	- -	-19,114,000	56,576,000
National Research Initiative competitive grants	103,123,000	- -	+26,877,000	130,000,000
Animal health and disease research, Section 1433	5,551,000	- -	- -	5,551,000
Federal administration (direct appropriation)	19,947,000	+167,000	-7,799,000	12,315,000
Higher education	8,850,000	- -	-1,350,000	7,500,000
Native American Institutions Endowment Fund	- -	- -	+4,600,000	4,600,000

Total Available	433,431,000	+167,000	+3,214,000	436,812,000

RESEARCH AND EDUCATION

Project Statement
(On basis of appropriation)

Project	1994 Actual		1995 Estimated		Increase or Decrease	1996 Estimated	
	Amount	Staff: Years	Amount	Staff: Years		Amount	Staff: Years
1. Hatch Act							
Research program:							
Formula funds	\$126,262,190		\$126,288,428		- -	\$126,288,428	
Regional research ..	40,112,063		40,112,063		- -	40,112,063	
Subtotal	166,374,253		166,400,491		- -	166,400,491	
Federal Admin. (3%) ..	4,903,509		4,903,509		- -	4,903,509	
Total	171,277,762	60	171,304,000	60	- -	171,304,000	60
2. Cooperative Forestry							
Research:							
Research program	20,184,730		20,184,730		- -	20,184,730	
Federal Admin. (3%) ..	624,270		624,270		- -	624,270	
Total	20,809,000	6	20,809,000	6	- -	20,809,000	6
3. Payments to 1890							
Colleges & Tuskegee							
University:							
Research program	27,312,290		27,312,290		- -	27,312,290	
Federal Admin. (3%) ..	844,710		844,710		- -	844,710	
Total	28,157,000	10	28,157,000	10	- -	28,157,000	10
4. Special Research Grants:							
Aflatoxin research, IL	126,000		113,000		-113,000	- -	
Agribusiness manage-							
ment, Mississippi ...	70,000		- -		- -	- -	
Agricultural diversi-							
fication, Hawaii	145,000		131,000		-131,000	- -	
Agricultural manage-							
ment systems, MA	245,000		221,000		-221,000	- -	
Alfalfa research, KS ..	118,000		106,000		-106,000	- -	
Alternative cropping							
systems in the							
Southeast, S. Carolina.	261,000		235,000		-235,000	- -	
Alternative crops, ND.	658,000		592,000		-592,000	- -	
Alternative Crops for							
arid lands, Texas ...	94,000		85,000		-85,000	- -	
Alternative marine &							
fresh water species, MS	258,000		308,000		-308,000	- -	
Alternative pest							
control, Arkansas ...	1,316,000		1,184,000		-1,184,000	- -	
Alternatives to							
Pesticides and Critical:							
Issues	- -		- -		+5,000,000	5,000,000	
Animal Science Food							
Safety Consortium ...	1,825,000		1,743,000		-1,743,000	- -	
Apple pest control, CA	235,000		- -		- -	- -	
Aquaculture research							
(general)	297,000		- -		- -	- -	
Aquaculture, CT	- -		181,000		-181,000	- -	
Aquaculture, Illinois.	188,000		169,000		-169,000	- -	
Aquaculture, LA	367,000		330,000		-330,000	- -	
Aquaculture, Stone-							
ville, Mississippi ..	658,000		592,000		-592,000	- -	
Aquatic food safety and							
quality, Florida	- -		181,000		-181,000	- -	
Asian products lab., OR	235,000		212,000		-212,000	- -	
Babcock Institute, WI ..	235,000		312,000		-312,000	- -	
BARD-US Israel							
Binat'l Ag Res/Dev Prg	2,350,000		- -		- -	- -	
Beef carcass evaluation							
and identification ..	197,000		- -		- -	- -	
Beef fat content, IA ..	223,000		201,000		-201,000	- -	
Biodiesel research, MO	141,000		152,000		-152,000	- -	
Broom snakeweed, NM ...	188,000		169,000		-169,000	- -	
Canola research, KS ..	94,000		85,000		-85,000	- -	
Center for animal health:							
and productivity, PA.	126,000		113,000		-113,000	- -	
Center for innovative							
food tech., Ohio	- -		181,000		-181,000	- -	
Center for rural							
studies, Vermont	35,000		32,000		-32,000	- -	
Chesapeake Bay aqua-							
culture, Maryland ...	411,000		370,000		-370,000	- -	
Competitiveness of							
agriculture products,							
Washington	752,000		677,000		-677,000	- -	

Project	1994 Actual		1995 Estimated		Increase or Decrease	1996 Estimated	
	Amount	Staff: Years	Amount	Staff: Years		Amount	Staff: Years
Controlled environ- mental production systems, PA	\$226,000		- -		- -	- -	
Cool season legume research	364,000		\$103,000		-\$103,000	- -	
Cottonseed extraction and oil refining, TX.	70,000		- -		- -	- -	
Cranberry/blueberry disease & breeding, NJ	244,000		220,000		-220,000	- -	
CRP acreage usage, MO.	141,000		52,000		-52,000	- -	
Dairy & meat goat res., Prairie View A&M, TX.	70,000		63,000		-63,000	- -	
Delta rural health care, Arkansas	110,000		- -		- -		
Delta rural revitali- zation, Mississippi	164,000		148,000		-148,000	- -	
Developing peas and lentils for residue to meet SCS standards ..	- -		226,000		-226,000		
Desert Plants, NM	188,000		169,000		-169,000	- -	
Dogwood anthracnose, GA, NC & TN	129,000		- -		- -	- -	
Dried bean research, ND	94,000		85,000		-85,000	- -	
Drought mitigation, NE	- -		200,000		-200,000	- -	
Eastern filbert blight, Oregon	80,000		- -		- -	- -	
Energy biomass/biofuels	470,000		- -		+750,000	\$750,000	
Entomology acoustics detection, MS	188,000		- -		- -	- -	
Environmental re- search, New York	540,000		486,000		-486,000	- -	
Expanded wheat pasture, Oklahoma ...	317,000		285,000		-285,000	- -	
Farm and rural busi- ness finance, IL & AR	118,000		106,000		-106,000	- -	
Fish marketing, OR & RI	320,000		- -		- -	- -	
Floriculture, Hawaii	278,000		250,000		-250,000	- -	
Food & Agriculture Policy Institute, Iowa & Missouri	705,000		850,000		-850,000	- -	
Food irradiation, IA	223,000		201,000		-201,000	- -	
Food Marketing Policy Center, Connecticut	369,000		332,000		-332,000	- -	
Food processing center, Nebraska	47,000		42,000		-42,000	- -	
Food systems research group, Wisconsin	245,000		221,000		-221,000	- -	
Forestry marketing, VT and NH	47,000		- -		- -	- -	
Forestry research, AR.	470,000		523,000		-523,000	- -	
Fruit & vegetable mrkt. analysis, AZ & MO ...	329,000		296,000		-296,000	- -	
Generic commodity pro- motion, NY	235,000		212,000		-212,000	- -	
Global change	1,175,000		1,625,000		+1,875,000	3,500,000	
Global marketing sup- port service, Arkansas	47,000		92,000		-92,000	- -	
Grass seed crop. systems: for sustainable ag. ...	470,000		423,000		-423,000	- -	
Great Plains Agric. Policy Center, OK ...	47,000		42,000		-42,000	- -	
Human nutrition, AR ..	470,000		- -		- -	- -	
Human nutrition, Iowa	470,000		473,000		-473,000	- -	
Human nutrition, LA ..	752,000		752,000		-752,000	- -	
Human nutrition, NY ..	691,000		622,000		-622,000	- -	
Illinois-Missouri Alliance for Biotech.	- -		1,357,000		-1,357,000		
Improved dairy man- agement, PA	329,000		296,000		-296,000	- -	
Improved fruit practices, MI	494,000		445,000		-445,000	- -	
Integrated produc- tion systems, OK	179,000		161,000		-161,000	- -	
International arid lands consortium	329,000		329,000		-329,000	- -	
Iowa Biotechnology Consortium	1,880,000		1,792,000		-1,792,000	- -	
Jointed goatgrass control in wheat, WA.	329,000		296,000		-296,000	- -	
Livestock & dairy policy, NY & TX	494,000		445,000		-445,000	- -	

Project	1994 Actual		1995 Estimated		Increase or Decrease	1996 Estimated	
	Amount	Staff: Years	Amount	Staff: Years		Amount	Staff: Years
Lowbush blueberry research, Maine	\$208,000	:	\$220,000	:	-\$220,000	- -	:
Low-input agric., MN	216,000	:	195,000	:	-195,000	- -	:
Maple research, VT ...	93,000	:	84,000	:	-84,000	- -	:
Michigan Biotechnology Institute	2,217,000	:	1,995,000	:	-1,995,000	- -	:
Midwest Adv. Food Manufacturing Alliance	470,000	:	423,000	:	-423,000	- -	:
Midwest agricultural products, Iowa	658,000	:	592,000	:	-592,000	- -	:
Midwest Biotechnology Consortium	2,693,000	:	- -	:	- -	- -	:
Midwest feeds consortium	470,000	:	423,000	:	-423,000	- -	:
Milk safety, PA	268,000	:	268,000	:	-268,000	- -	:
Minor use animal drugs	611,000	:	550,000	:	- -	\$550,000	:
Molluscan shellfish, OR	- -	:	250,000	:	-250,000	- -	:
Multi-commodity research, OR	282,000	:	364,000	:	-364,000	- -	:
Multi-cropping strategies for aquaculture, Hawaii	141,000	:	127,000	:	-127,000	- -	:
National Biological Impact Assessment Program	282,000	:	254,000	:	+46,000	300,000	:
Navajo Nation Conservation, AZ	- -	:	91,000	:	-91,000	- -	:
Nematode resistance genetic engineering, New Mexico	141,000	:	127,000	:	-127,000	- -	:
New methods of weed control, ND	470,000	:	423,000	:	-423,000	- -	:
New uses for agricultural products, Ohio	132,000	:	- -	:	- -	- -	:
Nonfood agricultural products, Nebraska ..	103,000	:	93,000	:	-93,000	- -	:
North Central Biotech. Initiative	- -	:	2,000,000	:	-2,000,000	- -	:
Oregon/Mass/Penn Biotech	481,000	:	524,000	:	-524,000	- -	:
Peach tree short life, South Carolina ..	180,000	:	162,000	:	-162,000	- -	:
Perishable commodities, Georgia	235,000	:	212,000	:	-212,000	- -	:
Pest control alternatives	118,000	:	106,000	:	-106,000	- -	:
Pesticide clearance ..	- -	:	- -	:	- -	- -	:
Pesticide impact assessment	- -	:	- -	:	- -	- -	:
Pesticide research, WA	627,000	:	115,000	:	-115,000	- -	:
Phytophthora root rot, New Mexico	141,000	:	127,000	:	-127,000	- -	:
Potato research	1,349,000	:	1,214,000	:	-1,214,000	- -	:
Preservation and processing, Oklahoma ...	251,000	:	226,000	:	-226,000	- -	:
Procerum root disease, Virginia	24,000	:	22,000	:	-22,000	- -	:
Product development & marketing center, ME.	400,000	:	360,000	:	-360,000	- -	:
Red River Corridor, MN & ND	188,000	:	169,000	:	-169,000	- -	:
Regional barley gene mapping project	387,000	:	348,000	:	-348,000	- -	:
Regionalized implications of farm programs, MO & TX	327,000	:	294,000	:	-294,000	- -	:
Rural development centers	470,000	:	423,000	:	+27,000	450,000	:
Rural housing needs, NE	75,000	:	68,000	:	-68,000	- -	:
Rural environmental research, Illinois ...	- -	:	90,000	:	-90,000	- -	:
Rural policies institute, AR, NE, MO ..	494,000	:	644,000	:	-644,000	- -	:
Russian wheat aphid ..	505,000	:	455,000	:	-455,000	- -	:
Seafood and aquaculture harvesting, processing, marketing, MS	339,000	:	305,000	:	-305,000	- -	:
Seafood research, OR ..	306,000	:	275,000	:	-275,000	- -	:
Small fruit research, OR, WA, & ID	235,000	:	212,000	:	-212,000	- -	:
Soil and water re-search, Ohio	188,000	:	169,000	:	-169,000	- -	:

Project	1994 Actual		1995 Estimated		Increase or Decrease	1996 Estimated	
	Amount	Staff: Years	Amount	Staff: Years		Amount	Staff: Years
Southwest consortium for plant genetics & water resources	\$376,000	:	\$338,000	:	-\$338,000	- -	:
Soybean bioproc- essing, Iowa	308,000	:	277,000	:	-277,000	- -	:
Soybean cyst nema- tode, Missouri	337,000	:	303,000	:	-303,000	- -	:
STEEP II - Water quality in Pacific Northwest	921,000	:	829,000	:	-829,000	- -	:
Sunflower insects, ND and SD	141,000	:	127,000	:	-127,000	- -	:
Sustainable ag., MI ..	494,000	:	445,000	:	-445,000	- -	:
Sustainable agriculture and natural re- sources, PA	94,000	:	94,000	:	-94,000	- -	:
Sustainable agri- culture systems, NE ..	66,000	:	59,000	:	-59,000	- -	:
Swine research, MN ...	132,000	:	119,000	:	-119,000	- -	:
Taxol cultivation, CT ..	47,000	:	42,000	:	-42,000	- -	:
Tillage, silviculture, waste mgmt. LA	235,000	:	212,000	:	-212,000	- -	:
Tropical and sub- tropical research ...	3,121,000	:	2,809,000	:	-2,809,000	- -	:
Urban pests, Georgia ..	71,000	:	64,000	:	-64,000	- -	:
Value-added wheat product develop., KS.	235,000	:	212,000	:	-212,000	- -	:
Waste utilization, NC ..	414,000	:	373,000	:	-373,000	- -	:
Water conservation, KS	88,000	:	79,000	:	-79,000	- -	:
Water conservation, NV	188,000	:	-	:	-	- -	:
Water management, AL ..	374,000	:	337,000	:	-337,000	- -	:
Water quality	4,230,000	:	2,757,000	:	+1,743,000	\$4,500,000	:
Wheat genetics, KS ...	196,000	:	176,000	:	-176,000	- -	:
Wood utilization	4,176,000	:	3,758,000	:	-3,758,000	- -	:
Wool research	235,000	:	212,000	:	-212,000	- -	:
Federal Admin. (4%) ..	[2,401,560]	:	[2,060,640]	:	[-1,458,640]	[602,000]	:
Total	60,039,000	:	51,516,000	:	-36,466,000	15,050,000	:
Critical Agricultural Materials Act of 1984	:	:	:	:	:	:	:
Research program: ...	485,000	:	485,000	:	-485,000	- -	:
Federal Admin. (3%) ..	15,000	:	15,000	:	-15,000	- -	:
Total	500,000	:	500,000	:	-500,000	- -	:
Improved Pest Control:	:	:	:	:	:	:	:
Integrated Pest Mgmt.	3,034,000	:	2,731,000	:	+4,269,000	7,000,000	:
Pesticide Clearance ...	6,345,000	:	5,711,000	:	+9,289,000	15,000,000	:
Pesticide Impact Assess:	1,474,000	:	1,327,000	:	+1,641,000	2,968,000	:
Federal Admin. (4%) ..	[434,120]	:	[390,760]	:	[+607,960]	[998,720]	:
Total	10,853,000	:	9,769,000	:	+15,199,000	24,968,000	:
Rangeland Research Grants (Subtitle M):	:	:	:	:	:	:	:
Research program	460,750	:	460,750	:	- -	460,750	:
Federal Admin. (3%) ..	14,250	:	14,250	:	- -	14,250	:
Total	475,000	:	475,000	:	- -	475,000	:
Aquaculture Centers, Section 1475:	:	:	:	:	:	:	:
Research program	3,880,000	:	3,880,000	:	+323,010	4,203,010	:
Federal Admin. (3%) ..	120,000	:	120,000	:	+9,990	129,990	:
Total	4,000,000	:	4,000,000	:	+333,000	4,333,000	:
Sustainable Agriculture:	:	:	:	:	:	:	:
Program	7,178,000	:	7,868,640	:	+1,346,360	9,215,000	:
Federal Admin. (3%) ..	222,000	:	243,360	:	+41,640	285,000	:
Total	7,400,000	:	8,112,000	:	+1,388,000	9,500,000	:
Supplemental and Alternative Crops, Sec. 1473D:	:	:	:	:	:	:	:
Crambe/Rapeseed	500,000	:	-	:	- -	- -	:
Guayule research	668,000	:	668,000	:	-668,000	- -	:
Canola research	500,000	:	500,000	:	-500,000	- -	:
Hesperaloe research ..	150,000	:	150,000	:	-150,000	- -	:
Advanced Materials ..	- -	:	- -	:	+2,250,000	2,250,000	:

Project	1994 Actual		1995 Estimated		Increase or Decrease	1996 Estimated	
	Amount	Staff: Years	Amount	Staff: Years		Amount	Staff: Years
Federal Admin. (3%)	[54,540]	:	[39,540]	:	[+27,960]	[67,500]	:
Total	1,818,000	:	1,318,000	:	+932,000	2,250,000	:
Total	85,085,000	38	75,690,000	38	-19,114,000 (1)	56,576,000	38
5. National Research Initiative (NRI):		:		:			:
Natural Resources and the Environment	\$21,827,000	:	\$16,650,000	:	+\$10,350,000	\$27,000,000	:
Nutrition, Food Safety, & Health	7,353,000	:	7,400,000	:	+3,600,000	11,000,000	:
Plants	40,346,000	:	37,000,000	:	+10,000,000	47,000,000	:
Animals	22,976,000	:	23,125,000	:	+6,375,000	29,500,000	:
Processing for Adding Value or Developing New Products	6,893,000	:	6,935,000	:	+2,065,000	9,000,000	:
Markets, Trade and Rural Development ...	3,676,000	:	3,700,000	:	+2,800,000	6,500,000	:
Water Quality	-	:	4,708,000	:	-4,708,000	-	:
Integrated Pest Mgmt..	-	:	2,310,000	:	-2,310,000	-	:
Pesticide Impact Assessmt.	-	:	1,295,000	:	-1,295,000	-	:
Federal Admin. (4%) ..	[4,122,840]	:	[4,124,920]	:	[+1,075,080]	[5,200,000]	:
Total	103,071,000	63	103,123,000	69	+26,877,000 (2)	130,000,000	82
6. Animal Health and Disease Research, Section 1433:		:		:			:
Research program ...	5,328,960	:	5,328,960	:	-	5,328,960	:
Federal Admin (4%) ..	222,040	:	222,040	:	-	222,040	:
Total	5,551,000	2	5,551,000	2	-	5,551,000	2
7. Federal Administration (direct approp.):		:		:			:
Ag development in American Pacific	608,000	:	527,000	:	-527,000	-	:
Center for No. American Studies, TX	94,000	:	81,000	:	-81,000	-	:
Gulf Coast Shrimp aquaculture	3,290,000	:	2,852,000	:	-2,852,000	-	:
Mississippi Valley State University	628,000	:	544,000	:	-544,000	-	:
Iowa State-Center for Ag. & Rural Dev.	705,000	:	612,000	:	-612,000	-	:
Geographic Information System Pilot Program	1,011,000	:	877,000	:	-877,000	-	:
Vocational Agriculture Curriculum Aquaculture	470,000	:	407,000	:	-407,000	-	:
Herd Management Program Tennessee State Univ.	576,000	:	500,000	:	-500,000	-	:
Alternative Fuels Characterization Lab		:		:			:
University of ND	235,000	:	204,000	:	-204,000	-	:
Water Quality IL & ND	1,175,000	:	867,000	:	-867,000	-	:
Amer. Indian Initiative of the Arid Lands Devel.	-	:	405,000	:	-405,000	-	:
PM-10 Study, CA & WA ..	940,000	:	815,000	:	-815,000	-	:
National Potato Trade & Tariff Association ...	-	:	87,000	:	-87,000	-	:
1890 Capacity Building Grants	9,917,000	:	9,917,000	:	+633,000	10,550,000	:
All other	1,647,000	:	1,252,000	:	+513,000	1,765,000	:
Total	21,296,000	15	19,947,000	15	-7,632,000 (3)	12,315,000	15
8. Higher Education: Graduate Fellowships		:		:			:
Grants	3,500,000	:	3,500,000	:	-	3,500,000	:
Hispanic Education Partnership Grants ..	-	:	-	:	+1,500,000	1,500,000	:
Institution Challenge Grants	1,500,000	:	4,350,000	:	-2,850,000	1,500,000	:
Morrill-Nelson Funds (Permanent Approp.)	2,850,000	:	-	:	-	-	:
Multicultural Scholars Program	-	:	2,000,000	:	-1,000,000	1,000,000	:
Federal Admin. (3%) ..	[150,000]	:	[295,500]	:	[-40,500]	[225,000]	:

Project	1994 Actual Amount	Staff: Years:	1995 Estimated Amount	Staff: Years:	Increase or Decrease	1996 Estimated Amount	Staff: Years:
Total	7,850,000	11	9,850,000	11	-2,350,000 (4)	7,500,000	13
9. Native American Institutions Endowment Fund	- -	- -	- -		+4,600,000 (5)	4,600,000	
Total obligations estimate	443,096,762	205	434,431,000 (a)	211	+2,381,000	436,812,000	226
Unobligated Balances:							
Available, start of year	- -		(1,000,000)		+1,000,000	- -	
Lapsing	26,238		- -		- -	- -	
Available, end of year	1,000,000		- -				
Total available or estimate:	444,123,000	205	433,431,000	211	+3,381,000	436,812,000	226
Transfer to the Office of Civil Rights Enforcement :	- -		7,000				
Total appropriation	444,123,000	205	433,438,000	211			

Justification of Increases and Decreases

- (1) A net decrease of \$19,114,000 for Special Research Grants and Critical Agricultural Materials Act (\$75,690,000 available in 1995) consisting of:
- (a) An increase of \$5,000,000 for an Alternatives to Pesticides and Critical Issues Special Research Grant including \$4,500,000 for Alternatives to Pesticides and \$500,000 for Critical Issues (No funding available in 1995).

Identification of priority alternatives and development and implementation of alternatives to pesticides. (\$4,500,000). Exotic and indigenous pests and diseases of crops and rangelands continue to cause great losses to farmers in the U.S. Billions of dollars in crop losses, control costs, and lost market opportunities are caused by pests and diseases of crops, rangeland, and forests. For many pests there are no economically viable pesticide controls. Where there have been effective pesticidal controls, farmers in this country now are facing increased challenges from the loss of pesticides due to regulatory actions and genetic resistance in pests. Losses of methyl bromide, certain uses of malathion, furadan and other pesticides to regulatory action limits the options of farmers. Recognizing the need to coordinate efforts among Federal agencies to anticipate and respond quickly to actions that reduce pest control options, USDA and EPA signed a Memorandum of Understanding in August, 1994. The MOU sets forth a process to identify needs and conduct research and education necessary to meet those needs. In addition, this program addresses Goal 4 of the National Science and Technology Council to improve environmental quality. There are two components to this \$4.5 million request.

Identification of priority alternative uses, database management, and assessments of alternative needs. (\$300,000). CSREES has initiated a database analysis system with ARGONNE National Laboratory to identify priority pesticide uses based upon losses to regulatory and genetic resistance. This system will be utilized to determine the nature of and extent of research currently addressing these priorities and to identify appropriate alternatives that need to be funded for development or evaluation in large-scale implementation programs. These alternatives will be characterized relative to being short-term, medium-term, or long-term replacements. Depending upon the term expected for development, these alternatives will be provided priority areas of research to be included for funding by different CSREES IPM research programs. Short-term alternatives will be addressed through minor use registration processes or funded by the National Agricultural Pesticide Impact Assessment Program. Regional IPM Special Grants will fund medium and long-term alternatives and research and extension demonstrations of these components in preparation for IPM Implementation Projects. The NRI will continue to provide the broader scope of fundamental research and mission-linked research that needs to underpin the IPM Implementation Program and to assure continued stream of long-term solutions to pest and disease management needs.

Development and implementation of alternatives to pesticides. (\$4.2 million). The Administration has established an aggressive goal for the implementation of IPM practices on 75 percent of the crop acres by 2000. Meeting this goal will require a carefully coordinated effort among performers of research and education at the Federal level and in cooperating State institutions. A wide spectrum of issues needs to be resolved, requiring research ranging from fundamental studies of insect biology to development and testing of integrated systems. In order to guide this effort, an USDA IPM Strategy has been prepared to set forth the overall objectives and operating principles. A central feature of the USDA Strategy is a priority setting mechanism that involves users of technology in helping to identify and prioritize needs for research and education programs. Priorities arising through this system will guide the efforts of increased programs proposed for 1996 as well as ongoing programs. A detailed implementation plan, setting

forth specific goals, milestones, operating procedures and agency responsibilities has been prepared to assure the close planning and coordination of all of the program elements.

Alternatives to Pesticides will focus on those pest problems for which EPA plans to terminate a pesticide registration and pest problems where genetic resistance will nullify the effectiveness of a registered pesticide. The initiation of the grant program in FY 1996 will be coordinated with and supplement short-term chemical and biopesticide replacements funded by the IR-4 minor use registration program in collaboration with NAPIAP, longer-term alternatives and research and extension demonstrations of IPM components funded by Regional IPM Special Grants and fundamental research support funded by the NRI. The Alternatives to Pesticides program will supplement these activities and fund across all research organizations to insure that an adequate USDA response to EPA registration issues and pest resistance issues are addressed. As resources become available, the alternatives program will develop an implementation phase designed to support team programs at the interface of research, extension, incentive, and assessment activities. The team programs will be multi-disciplinary, multi-state when appropriate, and will involve multiple organizations. The implementation phase is designed to overcome constraints to the widespread adoption of alternative methods of managing pests. The implementation teams will address coordination, accountability, milestones, and assessments for specific production systems. The USDA IPM Initiative will provide coordination between the 13 USDA agencies and state research and extension partners addressing IPM research, education, technology transfer, implementation, and incentive programs and between EPA and other departments of government.

Under the USDA/EPA MOU, USDA will identify, with grower input, a list of crop/pest/control combinations where only one or a limited number of control options are available. EPA will provide a list of pesticides under review for possible actions that might limit their availability or use in agricultural production. Funds proposed under this Special Grant Program will provide the major support for research to address the priority needs identified through the USDA/EPA review. The MOU sets forth criteria for operation of the program, including the competitive award of grants.

Critical Issues. (\$500,000). CSREES needs to be able to direct resources to address specific critical research issues relating to agricultural pests or food safety. While the Land Grant University System has a history of rapid and timely response to critical issues on an individual state basis, there is a need to be able to mobilize rapid and immediate response to public health problems, invading exotic pests or pest organisms that have changed genetically to cause new problems or vector diseases in plants and animals. Often times immediate response provides for the development of a solution before the problem becomes a crisis. Modest resources that can mobilize action at the National level will provide for better coordination of state and local response.

This research program will permit CSREES and the research community to respond to a limited number of crisis issues related to the production, protection, and safety of agricultural products. CSREES will coordinate a process to identify areas of research competency and capacity within university laboratories that can be quickly mobilized to respond effectively and efficiently to priority issues. Examples of recent issues include 1) *E. coli* 0157:H7 and food safety; 2) the outbreak of pesticide resistant sweet potato whitefly; 3) potato late blight; 4) Africanized honey bee invasion; and 5) the threat of contamination of water supplies with *Cryptosporidium* organisms. This new grants program will provide resources that will be focused over relatively short periods of time (1-2 years) to seek solutions rapidly to problems using existing disciplinary and multidisciplinary groups of scientists, whether in university, federal or private laboratories. The decision to allocate funds to a specific critical issue would be based on advice received from USDA agencies, universities, commodity groups and other groups such as the Animal Health Science Research Advisory Board and approval by the Office of the Secretary. Critical issues will be characterized by the fact that: a) the issue requires immediate national attention, b) use of federal

dollars can leverage significant local and state resources, and c) other mechanisms do not exist to mobilize resources. After issues are identified, project awards would be made following scientific merit review of all proposals for relevance and scientific merit, a priority of the NSTC.

- (b) An increase of \$750,000 for an Energy/Biofuels Special Research Grant (No funding available in 1995).

There are several compelling reasons to stimulate the use of transportation fuels derived from biological resources. First, is the need to become less dependent on imported petroleum. Second, a large market for agricultural goods can be envisioned. Third, the use of renewable fuels enhances the carbon cycle by not releasing fossil carbon into the atmosphere. Other reasons center around the materials, their availability, rural jobs, environmental benefits, etc. Agriculture in the United States has a tremendous capacity to increase starch and sugar-derived liquid fuels. Biodiesel from vegetable and animal oils has proven to be a viable replacement in several tests. Both woody and herbaceous feedstuffs are capable of supplanting fossil fuels through direct burning, fluidized beds, gasifiers or other systems. All of these fuels and systems have yet to reach their potential due to the need for research into the conversion technologies, plant genetics, materials handling, and economics. Fuels derived from renewable resources will provide jobs, alternative crops, and benefits to the environment.

Demonstrations of existing renewable fuel technologies have shown that although there are problems to be addressed, the potential to supply a clean fuel from agriculture and forest-derived materials exists and can become a major factor in the economy. The change that is to take place is to examine these technologies. This includes studies into the fermentation systems of sugars and starches. Much of the progress to date has been in the engineering of processes. While this is to continue, cost reduction, increased conversion options, and examination of technologies are to be emphasized. Biodiesel has a real opportunity to fuel 85 percent of the farm fleet, provided that economically viable systems are developed. In addition coproducts are a target. Development of coproducts may result in economically-competitive, renewable resource fuel systems through providing profitable use of materials developed in the processes.

- (c) An increase of \$1,875,000 for a Global Change Special Research Grant (\$1,625,000 available in 1995 for UV-B monitoring).

The observation and analysis of ultraviolet-B (UV-B) radiation is an important facet of Global Change Research. UV-B is subject to being changed by a variety of chemicals used for refrigeration and many other purposes which have been and are being released into the stratosphere. These chemicals destroy stratospheric ozone, which filters out some of the UV-B that could reach the earth. During the last several years, there have been indications that, as a result of stratospheric ozone destruction, there could be an increase of UV-B radiation at the earth's surface. There is a lack of data on the geographical and temporal trends in UV-B radiation. A monitoring network is essential to determine these trends as this part of the solar spectrum can be detrimental to crops, trees, animals, and humans. The increase requested is needed for expansion of the monitoring network begun by CSREES. Increased funding is essential for purchase of equipment, establishment of monitoring locations, and operation of the network. This network has been reviewed and coordinated with other Federal research agencies through the U. S. Global Change Research Program and will contribute to the scientific basis for integrated ecosystem management.

Increased funding for the UV-B monitoring network will be used to bring the new network closer to complete operational status for obtaining UV-B information at ground level. The overall operation of this program includes 11 sites in fiscal year 1994 with an additional 10 to 15 sites planned in fiscal year 1995 depending on the availability of instrumentation. At these intensive sites sophisticated research instruments will be used to collect very high quality data. The network

will also deploy some less costly field instruments which will provide UV-B trends and status information. Essential to operation of the network is a laboratory to periodically recalibrate and recharacterize the UV-B instruments in order to maintain data quality. A network is being built with the capacity to utilize data from both research and field instruments, and to make the data available to scientists and the public. The purpose of the network is to provide a database of UV-B radiation in the United States, which is complementary to similar networks in other parts of the world. When valid baseline information has been obtained it will be possible to determine where UV-B increases, decreases, or stability are occurring. If increases of significant levels are observed, action to adapt to the changes could be initiated. Creating a national UV-B monitoring network requires a sustained, mission-focused, programmatic effort to develop instrumentation, and establish and maintain linked research sites to provide baseline data for agricultural research which can best be accomplished under this special research grant. Fundamental studies of responses of plants and animals to UV-B are under way in the National Research Initiative, as well as basic and applied science conducted through the State Agricultural Experiment Stations.

- (d) An increase of \$46,000 for the National Biological Impact Assessment Program Special Research Grant (\$254,000 available in 1995).

Access to information is critical for successful scientific research. The U. S. Department of Agriculture helps to meet this need through a special communications program that has been developed by the National Biological Impact Assessment Program (NBIAP) to provide the public and private scientific community the latest information on regulatory requirements, safety compliance, available services and support, information on emerging issues, bibliographic literature, and directories to other sources of information. The first phase of the program has emphasized support for the agricultural and environmental biotechnology research community through an electronic bulletin board and database system that now supports 7,000 users. NBIAP has been credited by the science community as being instrumental in the safe conduct of over 500 field experiments for genetically modified plants, animals, and microbes. NBIAP now proposes to expand its services to support research in integrated pest management (IPM) by using existing communications networks and customized computer software. Drawing upon five years of experience in program development, NBIAP will create a second information system to complement the successful and highly popular Biotechnology Information System. The feasibility of this approach has been demonstrated and the demand in the scientific community is well established.

- (e) An increase of \$27,000 for a Rural Development Centers Special Research Grant (\$423,000 available in 1995).

Funding to support comprehensive research and program evaluation relating to rural development programs was initiated in 1972 under the Rural Development Act of that year. Four regional centers and one State level center were eventually created and base funding increased to \$500,000 in fiscal years 1991-1993. Due to a rescission in FY 1994, base funding was reduced to \$423,000. The base funding has slowly eroded in constant dollars since 1991. This request will enable the four regional rural development centers to spearhead current programs of rural development. No funds will be provided separately to the North Dakota Rural Development Center, however, they are eligible to receive funding from the North Central Regional Center.

The Centers are a critical element in State and regional efforts to create new opportunities for rural people and places. They are responsive to local needs and local initiatives. They leverage funding, expand human resources, and form a critical mass of expertise for these local initiatives. With revived interest in rural development issues at Federal, State, and local levels, the demands placed on the Centers have increased dramatically while Federal funding has declined in both constant and nominal dollars. The Centers have been aggressive in seeking State, local government, and private

sources of funding for special initiatives and programming; however, this activity requires a stable and predictable funding base as requested.

- (f) An increase of \$1,743,000 for a Water Quality Special Research Grant (\$2,757,000 available in 1995).

Water Quality impacts from agriculture continue to be major concerns of society, and they rank near the top of national priority research needs of Federal and State agricultural and environmental agencies and public commodity groups. Promising results are now emerging from research grants supported by the Water Quality Special Research Grants Program from 1989 to 1994. These research results show that significant reductions in the movement of nitrate, pesticides, and other pollutants into surface water and ground water can be achieved by the new technologies. New techniques, such as site-specific soil and crop management, soil and plant nitrogen testing, use of vegetated buffer strips and riparian zones, and water table management, show strong potential for benefiting both economic efficiency and environmental quality. Water quality activities of the principal USDA agencies are coordinated with each other and with related activities in the Environmental Protection Agency, and agencies of the Departments of Interior and Commerce through the Working Group on Water Quality (WGWQ).

Research is needed to integrate these component technologies into production systems, and to assess the impacts of these systems on sustainability, profitability and acceptance by society. The Management Systems Evaluation Areas (MSEA) were established as part of the Midwest Initiative on Water Quality in cooperation with the State Agricultural Experiment Stations, Agricultural Research Service, Environmental Protection Agency, and U.S. Geological Survey. They have become models for interdisciplinary research on the impacts of agricultural systems on water quality.

The requested increase in funds will be used to initiate long-term, interdisciplinary research to develop, evaluate, and implement soil and water management systems designed to reduce water pollution on a watershed scale. These systems will assist farmers, ranchers, and land managers to meet society's soil, water and environmental quality goals. Projects will be planned and implemented in cooperation with the State Agricultural Experiment Stations, the Agricultural Research Service, Extension Services, National Resource Conservation Service, and other agencies as appropriate, in support of the Department of Agriculture's water quality program. Grants under this program will be awarded using a competitive merit review process.

- (g) A decrease of \$45,907,000 for Special Research Grants and \$500,000 for the Critical Agricultural Materials Act.

These grants programs have concentrated on specific problems beyond the normal emphasis in the formula based programs. The Hatch Act and related formula based programs constitute the core of the State-Federal research partnership and, when put together with State funding, provide the basic laboratory facilities, scientists, graduate students, and support necessary for the long term stability of agricultural research. Thus, these formula based programs become the highest priority of the State-Federal research partnership. Selected high priority National interest special research grant programs are proposed for expansion or continuation.

This change will eliminate this specific funding support for selected grant programs. Due to the discretionary nature of the Hatch Act and related formula based programs, amounts allotted to State institutions permit the institutions to fund research in those areas that they identify as high priority. This flexibility could provide for maintaining some of the programs if the State institutions wish to continue the research. These projects could also be submitted for competition and possible funding under the National Research Initiative.

- (h) A net increase of \$15,199,000 for Improved Pest Controls Special Research Grants (\$9,769,000 available in 1995).
- (1) An increase of \$4,269,000 for Integrated Pest Management and Biological Control Special Research Grant (\$2,731,000 available in 1995)

In unprecedented testimony, the USDA, FDA, and EPA called for implementation of Biologically-Based IPM on 75% of the crop acres of America by the year 2000. New technology and new methods of control that provide safer alternatives to broad-spectrum pesticides are needed. The availability and delivery of new technologies need to be accelerated to meet the administration's goal. This special grants program since 1991 has had a focus on the development of IPM based upon the use of natural controls, other species-specific biologically-based strategies such as pheromones and exclusionary antibiotics that inhibit plant pathogens or plant disease development, and new concepts and practices for managing genetic resistance of pests. The emphasis is on the development of long-term, durable solutions to pest problems in crops, livestock, forests, and urban landscapes as has been called for by the Administration. This program, in cooperation with the Federal agencies and the Land Grant University System, provides needed non-chemical alternatives to broad-spectrum pesticides that are being lost to regulatory actions and genetic resistance in pests.

IPM and Biological Control Special Grants program support research at the State Agricultural Experiment Stations. Priorities for the research are developed jointly by CSREES and SAES research and extension IPM leadership. The program has placed emphasis on the development of enhanced natural control (biological control, host resistance, cultural control, and behavior modifiers); the management of resistance of pests to biopesticides and pesticidal plants; movement, dispersal and migration of pests and beneficial organisms; the integration of multiple tactics and improved decision support methodologies for the producer. In fiscal year 1994, 56 percent of the resources were awarded to biological control research.

The IPM and Biological Control Special Grants program will interact extensively with the new Alternatives to Pesticide and Critical Issues program and will address specific priorities identified by the alternatives program in request for research proposals at the State Agricultural Experiment Stations. Program participants will continue to plan and interact with extension at the state, regional, and national levels. In fiscal year 1995, IPM Extension special projects and IPM Research Special Grants are soliciting initial team planning proposals for the implementation phase of the Alternatives to Pesticide program as a complement to the USDA IPM Initiative. Funding for the full implementation phase of the alternatives program is beyond the scope of the IPM Special Research Grants Program and is a logical continuation of activity to accomplish the administration's goal of placing 75 percent of the crop land under updated IPM programs by the year 2000.

Meeting the Administration's goal for IPM implementation will require an aggressive, closely coordinated program of research and technology transfer. In order to effectively respond to the challenge, a strategy and a detailed implementation plan have been developed. An important feature of the strategy is a priority setting process to be funded through the CSREES and implemented at the State and Regional levels to involve IPM users and scientists in identifying research and education needs. A program of competitively awarded grants, the mechanism supported by the National Science and Technology Council, and Federal research will develop the scientific knowledge and integrated systems to provide environmentally sound pest control technologies to

producers. CSREES components of the coordinated research plan include the IPM special grants and the National Research Initiative.

Integrative Research (\$4.2 million, an increase of \$2.269 million over 1995.) New tactics, products, and technology for maximum use of biological and natural controls of pests will be developed. These new technologies are funded by research grants awarded regionally in an open, competitive grants program that awards the funds to the most meritorious research proposals. With the current level of funding, emphasis is on natural controls (biological control, cultural control and host resistance) and integration strategies for IPM. Some funding is available for application technologies, resistance management and movement and dispersal of pest and beneficial organisms. The increases requested will further accelerate the program by adding \$2.269 million to component and integration level research.

Biological Control (\$2.8 million, an increase of \$2.0 million over 1995.) Much biological control is not oriented to commercialization and must be developed and implemented by state and federal government scientists. There have been major advancements in biological control for the management of plant diseases and microorganisms that cause rot and destruction of harvested produce. These biological controls are replacing chemical treatments. Imported biological control agents have proven effective against a number of insect and nematode pests including ash whitefly; sweetpotato whitefly; gypsy moth; grape leafhopper; boll weevil; bollworms; pink bollworm; white grubs; mole crickets; root knot and soybean cyst nematodes. Management systems using biological control agents are proving effective for replacing conventional pesticides to the benefit of farmers, home owners, businesses, foresters, ranchers, and the American public. The current request would add \$2.0 million to enhance biological control research.

- (2) An increase of \$9,289,000 for a Pesticide Clearance (IR-4) Special Research Grant (\$5,711,000 available in 1995).

The 1988 amendments to the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA) have created a serious potential loss of over 3,500 pesticide uses important to minor crop farmers. If American agriculture is to have available the legally registered materials necessary to provide for a wholesome and nutritious diet for the consuming public and to supply them with the ornamental plants to beautify their environment, it is essential to meet these regulatory demands.

The 1988 FIFRA amendments greatly accelerated the process for reregistration of many currently used pesticides. Reregistration of previously registered pesticides will require redoing much of the original research using current state-of-the-art technology. There is no patent protection and very little economic incentive for commercial companies to reregister these older pesticides, especially for minor uses. In contrast, the economics to the user are excellent, and further, these older pesticides have been researched and incorporated into sound environmental pest management systems. Their loss would be a severe restriction to pest management programs. IR-4 is the principal public effort supporting the use of registered pesticides and biological pest control agents for minor crops where there is no economic incentive to do so on the part of industry.

A review team comprised of representatives of State Agricultural Experiment Stations, Federal agencies involved in IR-4, the pesticide industry, and producer groups has examined the IR-4 program. Their report (February 1991) concluded that IR-4 needs a significant increase in its direct funding in order to serve the needs of the \$19.3 billion minor crop industry in a timely and comprehensive fashion. A GAO audit noted that "IR-4

officials believe that the IR-4 research grant project makes effective use of its limited resources. This is because IR-4 uses the existing land-grant university infrastructure, targets its research agenda to include those pesticide uses most likely to be approved by EPA, and annually reviews its research priorities." The report concludes with criticism of "...USDA... (having) been slow to respond to the need for pesticides on minor crops, even though IR-4 officials at the regional level developed a strategic plan in 1989 to address this need."

The increased support is required for the expansion of the reregistration process for minor use agricultural commodities and the initial registration of safer and more environmentally compatible pesticides useful in minor crop IPM programs. The working group on food safety and pesticide use issues identified the minor use crop issue as a priority. This request supports the Administration's initiative to reduce the risk from the use of pesticides and supports Goal 4 of the National Science and Technology Council to improve environmental quality. IR-4 dedicates 15 percent of increased funding to research biological control agents. FY 1993 funds for biological control were approximately \$500,000, increasing to more than \$1.0 million in 1994. The program is addressing requests for assistance in the registration of both food and ornamental crops. IR-4 receives about 275 valid requests from growers, extension personnel, research scientists and ranchers each year and has a large backlog of valid researchable requests, currently approaching 2,200. These increased funds will support the completion of significantly more tolerance projects. To meet these demands, the research activities of the IR-4 program will be expanded to include additional field experiments and the resultant chemical analyses for residues. All requests are rigorously reviewed and addressed in order of priority. Producers can increase the priority of their request by contributing funding. IR-4 staff encourage producers to contribute to the cost of reregistration. The final product of the increased support will be an increased number of chemical and biological products available for use on minor crops. The research efforts of IR-4 are long-term and highly mission-oriented, requiring stable funding which cannot be achieved through the competitive NRI process. Further, the NRI supports fundamental areas of science which is in contrast to the IR-4's highly focused and applied research.

- (3) An increase of \$1,641,000 for the Pesticide Impact Assessment Special Research Grant (\$1,327,000 available in 1995).

While major strides have been made in identifying and developing alternative pest control methods, pesticides play a critical role in U. S. agricultural production. There is an increasing need for maintaining registration of safe and effective pesticides as components of Integrated Pest Management (IPM) Systems. To ensure input to the regulatory process from the agricultural community, the Secretary of Agriculture established the National Agricultural Pesticide Impact Assessment Program (NAPIAP) in 1976 as a cooperative state-federal effort with a mission to provide management and coordination of USDA and state activities to promote informed regulatory decisions on pesticides that benefit U. S. agriculture without causing unreasonable adverse effects to human health or the environment. In 1991, the Department implemented a new organizational structure for NAPIAP which has significantly increased the program's ability to collect data and disseminate reports. NAPIAP effectively develops assessment reports that address pest control for commodities and has an efficient process to generate and collect research data which are essential to assessment reports and to other efforts to ensure the availability of adequate pest management materials. NAPIAP has distinctly different responsibilities from the Pesticide Clearance Program but the two programs work together effectively. NAPIAP and IR-4 have developed a memorandum of understanding to cooperate in developing reregistration data. The two programs have been meeting annually to discuss common

objectives, opportunities for NAPIAP research input to reregistration, and to share and exchange information.

The increased funds will be used to support university scientists on additional assessment teams formed to meet the requirements to determine the economic consequences of various pest control approaches. In addition, these funds will be used to support research on innovative methods to assess benefits of pest control agents. Areas of emphasis would include computer models designed to examine the impacts of various factors on crop yield, quality and profitability, and use of electronic data systems to accelerate the data gathering and enhance the data utilization processes. The assessment team efforts and supporting research will place USDA in a strong position to promote informed regulatory decision on registered pest control strategies that benefit U. S. agriculture without causing adverse effects to people or to the environment.

The NAPIAP mandate is to provide specific assessment information on benefits of pest control agents. This is done rapidly, in a highly focused manner, and in agricultural and environmental settings under this special grant. The NRI supports very fundamental research projects which are wide ranging in scope and build a scientific base for more applied research. NAPIAP focuses on specific applied research projects, which are essential to the program's ability to perform its functions and address regional needs. A strength of NAPIAP is its ability to serve a national need while also being able to respond to regional situations. This is not possible under NRI.

(i) An increase of \$333,000 for the Regional Aquaculture Centers (\$4,000,000 available in 1995).

Aquaculture--the farming of aquatic animals and plants--is poised to become a major worldwide growth industry in the 21st Century. It has been projected that, given anticipated population growth and stable or declining wild fisheries stocks, aquaculture production will have to increase 700 percent to supply world seafood demand by the year 2025. The United States has an important opportunity to develop a strong domestic aquaculture industry to serve national needs and the global marketplace. Domestic aquaculture also contributes to agricultural diversification, jobs, and the rural economy.

Although domestic aquaculture production has grown rapidly in the past 15 years, with an annual farm gate value approaching \$1 billion, it still provides less than 10 percent of U. S. seafood supplies. Over 60 percent of the seafood consumed by Americans is imported, resulting in a multi-billion dollar U. S. fisheries trade deficit--second only to petroleum among natural products.

The development of a globally competitive U. S. aquaculture industry depends on advances in research and technology and effective education and technology transfer that can enhance the industry's profitability. This, in turn, requires a strong partnership among industry, government, and scientific communities in the United States.

The mission of the Centers is to enhance viable and profitable commercial aquaculture by supporting regional projects which represent partnerships between the industry and the region's best scientists and technical resources. The Centers annually support approximately 60 projects of regional and national importance in such areas as genetics, marketing and statistics, reproduction, nutrition, aquatic animal health, harvesting, and processing. The beneficial impacts of these projects are evidenced by strong industry involvement in and support for the Centers' programs, a key aspect of achieving the NSTC priorities. Direct industry involvement, non-allowability of indirect or construction costs, and peer-review of all projects for technical and industrial merit ensures efficient utilization of resources and maximizes return on investment.

All of the Centers have identified water quality and aquaculture waste management as high priorities for the industry's development and have initiated interregional efforts to address these priorities. This request will enhance the Centers' ability to support research and development that will contribute to the environmental compatibility of aquaculture systems a step in reaching Goal 4 of the NSTC to improve environmental quality.

(j) An increase of \$1,388,000 for Sustainable Agriculture (\$8,112,000 available in 1995).

Sustainable agriculture continues to expand across the country. Farming practices and quality of life for farmers and ranchers, members of rural communities, and society as a whole, continue to be high priority issues of sustainability. The Sustainable Agriculture Research and Education (SARE) Program is a major catalyst and facilitator of alternative agricultural systems for the future. SARE programs are designed to reduce the use of synthetic fertilizers and pesticides to minimize environmental degradation; improve and increase low-input farm management to enhance productivity and profitability; promote crop and livestock enterprise diversification; use the leadership and expertise of farmers and ranchers through direct involvement in projects; transfer practical and timely information to growers; and promote new and meaningful partnerships among growers, non-profit organizations, government, researchers, and agribusiness. Furthermore, CSREES and EPA cofund the Agriculture in Concert with the Environment (ACE) Program. Its focus is on pollution prevention and it is administered by CSREES under the SARE program.

Since 1988, 2,169 preproposals and 1,383 full proposals have been submitted requesting more than \$225 million. Approximately half the proposals strongly supported the goals of SARE and ACE and were of sufficient quality to warrant funding. SARE resources, to date, have only allowed 410 projects at the regional level and 31 national initiatives to be funded in part or in full. Also, numerous producer-initiated-grants have been funded in FY 1994 for a total of nearly \$400,000. Additional funds are needed to address emerging priority areas of interest, especially quality of life, marketing of sustainable crops and livestock, animal agriculture production, biological control of pests, habitat and environmental management, and whole farm and ranch systems.

Pilot outreach efforts have been initiated including conferences and publications to enhance the dissemination of SARE results, workshops to help farmers and ranchers develop and submit new proposals, and focus groups to encourage greater involvement of the 1890 land-grant institutions and other underrepresented groups in SARE programs and administration.

These pilot projects have been so successful that they have expanded and require resources beyond those available as a pilot project. The funding increase will also provide support needed for new and continuing multi-year farming systems research involving a wide array of people and organizations necessary for the development of alternative agriculture systems in the future.

(k) A decrease of \$1,318,000 for Supplemental and Alternative Crops (\$1,318,000 available in 1995) consisting of:

- \$668,000	Guayule Research
- 500,000	Canola Research
<u>- 150,000</u>	Hesperaloe Research
- \$1,318,000	TOTAL

Prior funding has supported the initial development of these projects. In fiscal year 1996 funds will be directed to Advanced Materials research.

This change will eliminate this specific funding support for selected grant programs. Due to the discretionary nature of the Hatch Act and related formula based programs, amounts allotted to State

institutions permit institutions to fund research in those areas that they identify as high priority. This flexibility could provide for maintaining some of the programs if the State institutions wish to continue the research. These projects could also be submitted for competition and possible funding under the National Research Initiative or the Advanced Materials grant program.

- (1) An increase of \$2,250,000 for Advanced Materials under Supplemental and Alternative Crops (No funding available in 1995).

USDA supports research programs for products and manufacturing processes that use renewable plant and animal materials. These materials are environmentally friendly and frequently biodegradable. Research programs are generally focused on the phase of discovery or invention. A discovery or invention must progress through several additional steps (such as applied research, technology scale-up, demonstration projects) before commercialization by the private sector. In USDA, commercialization assistance is the principal responsibility of the Alternative Agricultural Research and Commercialization (AARC) Center, an entity which brokers end-product and market arrangements directly with the private sector. Support for the discovery phase and for commercialization assistance leaves a gap in funding for the necessary intermediate development steps. The role CSREES serves is to fill this gap through technology development, accelerating technically sound discoveries by economic/business and institutional analyses, and commercial scale demonstration projects in partnership with business, academia and government. It is a role which capitalizes on research discoveries and, when warranted, progressively removes barriers to commercialization, ultimately taking the industrial product or process to the point of private investment, either alone or in companion to an organization like the AARC Center.

The Advanced Materials program will support an intense effort to develop uses of vegetable oils that provide materials of strategic and industrial importance. Development of functional fluids and lubricants from erucic acid oils and derivatives will occur in 1996 with validation and scale-up of technologies, especially for nylon 1313 from brassylic acid. The 1996 program significantly expands available characterization work for hydroxy fatty acid oils and derivatives to develop specific product applications for comparative testing and market assessment. Domestic production of crops producing hydroxy fatty acids will be facilitated. Selected natural biocides, fibers, and components in paints and coatings will also be advanced toward environmentally friendly commercial applications. Other vegetable oils and other materials may be added. This comprehensive development program will involve private companies, government and universities in a multi-year partnership that joins resources, facilities and ideas. A successful agricultural product development process will require a CSREES management team to establish and evolve a program which progressively removes barriers to commercialization and adjusts work goals and objectives as progress is made. The work in Advanced Materials will promote development and deployment of technologies that enhance U. S. industrial competitiveness.

- (2) An increase of \$26,877,000 for the National Research Initiative (NRI) Competitive Grants Program (\$103,123,000 available in 1995).

The agriculture of this Nation is under heavy societal and economic pressures for change while still required to provide an abundance of quality, affordable food and fiber and dealing with natural hazards imposed by weather, pests, and other threats to farming and forestry. U.S. agriculture must become more competitive internationally and less dependent of subsidies, especially in view of changes expected because of the NAFTA and GATT trade agreements. U.S. agriculture must also become less dependent on pesticides while restoring and preserving the environment and natural resource base upon which food and fiber production depends. The Nation must meet all of these challenges and more, so as to maintain or improve the quality of life for the American people now and for future generations. Meeting these challenges depends, increasingly, on the ability of this Nation to convert from a resource-based to a knowledge-based agriculture in the shift toward a

sustainable agriculture. A major public investment to obtain this knowledge base is justified because the entire Nation will benefit and because the necessary research cannot be done by private investments or by farmers, ranchers, and foresters alone.

The purpose of the National Research Initiative (NRI) within the USDA is to increase the amount and quality of science applied to solve the problems facing agriculture, including forestry: (1) by attracting the participation of the best U.S. scientists, both new and established, for research needed to assure sustainable agriculture; (2) through scientific breakthroughs that open fundamentally new approaches to solving problems facing agriculture; and (3) by supporting research with the greatest potential for expanding the knowledge base needed to solve current problems as well as meet unforeseen threats to U.S. agriculture as an industry, our food supply, or the environment.

This Initiative responds to the major issues facing all of agriculture, all sizes of farms, and all farming systems, including: pest management with less or no pesticides; food safety; protection and restoration of soil and water resources; methods for processing and new uses of agricultural products; rural development; scientific human capital development; and farm income and market competitiveness. The research made possible by this Initiative will broaden the knowledge base available to U.S. agriculture to exploit new economic opportunities and meet the needs of society.

Federal funding for this Initiative is necessary because: (1) the research is aimed primarily at expanding the knowledge base specifically available for agriculture, including forestry, and is unlikely to be done by the private sector; (2) the knowledge base generated from this research will benefit the Nation and not just the States or industries where the work is done; (3) the issues described require action now and cannot be delayed or initiated piecemeal; (4) the health and vigor of U.S. agriculture, the largest U.S. industry, is at stake; (5) the research will advance the agricultural biotechnology industry, which lags far behind medical biotechnology; and (6) major benefits to the public will result from an agriculture that protects or enhances the environment while meeting the needs of consumers and customers of U.S. agricultural products.

The NRI supports both fundamental and mission-linked research relevant to agriculture, food, and the environment. Mission-linked research aims at targeted problems in need of immediate solution and may be either basic or applied and important to small farms, large farms or both, depending on the targeted problem. Fundamental research is scale neutral; it tests scientific hypotheses and provides basic knowledge that supports applied research and from which major conceptual breakthroughs are expected to occur with potential to benefit farms of all scales.

The NRI is unique within the USDA in that funds are awarded to institutions in support of specific projects proposed by individual or teams of investigators, and the awards are made using merit review based on evaluations by scientific peers. "Merit" takes into account both quality of science and relevance of the proposed research to key problems of national and regional importance to agriculture, food, and the environment. Funding research competitively based on merit review by peers is uniquely suited to stimulating new research activity in specific, high-priority areas. This mechanism of funding also assures that the limited financial resources are used to support only the most meritorious research.

Many current problems facing agriculture demand study of social or economic issues in addition to the biological or physical processes underpinning the production, processing, and distribution of food and fiber. The NRI has developed social and economic programs that allow the USDA to also provide support for high quality research in these disciplines through grants competitively awarded based on merit review by scientific peers. The NRI also provides opportunities for and encourages the integration of socioeconomics with the biological and physical sciences through multidisciplinary research within individual programs. For example, the **Assessing Pest Control**

Strategies program provides support for the analysis of the economic, social, and environmental benefits and costs of adopting new pest control methods. The **Agricultural Systems Research** program is a pioneering effort within the USDA to study agricultural systems rather than just components of the system. The program supports mission-linked multidisciplinary research that integrates physical, biological, environmental, social, and economic parameters while addressing human management of agricultural systems. The **Agricultural Systems Research** program is funded with 2% of appropriated funds to the NRI, and therefore as funds available to the NRI increase, funds for research on agricultural systems will automatically increase. The NRI programs on **Forest/Rangeland/Crop/Aquatic Ecosystems; Biological Control Research; and Water Resources Assessment and Protection** also offer opportunities for multidisciplinary research involving social and economic as well as biological and physical considerations.

USDA scientists, scientists from State Agricultural Experiment Stations as well as scientists from nonland-grant public and private universities and private organizations compete equally for these funds. The program is the USDA's major competitive grants program and is designed to attract the widest possible participation of the best U.S. scientists. The knowledge developed by and in concert with the Federally funded intramural programs and State Agricultural Experiment Station base programs is then made available to American user groups as new or improved practices, products, processes, and information for agriculture in the broadest sense. Extension specialists and researchers supported by the Small Business Innovation Research program have vital roles in this network of public and private efforts in agricultural research, education, and technology transfer. This Initiative strengthens the total effort of the USDA and State Agricultural Experiment Station partners by extending support to outstanding scientists outside the realm of traditional agricultural institutions, to further help in meeting the multiple challenges facing U.S. agriculture.

The NRI is not a duplication of the National Science Foundation (NSF) in that all research funded must be relevant to agriculture, food, and the environment. The great majority of research funded by the NRI would not be funded by NSF, not because of low quality, but because research on agriculturally-related problems typically is presumed by NSF to be within the purview of USDA. The USDA's NRI resembles NSF only in that it funds investigator-initiated research based on merit review by scientific peers. The NRI has collaborated with NSF and the Department of Energy in funding projects under auspices of the interagency agreements to focus jointly on competitively awarded projects considered especially important to the Nation's well-being.

The objectives and 1996 funding requests for the six broad areas of research are as follows:

Natural Resources and the Environment (\$27.0 million). Research activities are directed to increase understanding of agriculture and natural resource systems in order to enhance stewardship and encourage protection of the environment. This research is needed to identify and help provide essential ecosystem functions while economically producing food and fiber. Understanding the effects of potential global climate change on natural resources, agriculture and the environment will be a major area of endeavor. An increased investment in research on soils and soil biology will provide the understanding needed to develop better agricultural and forestry soil management practices so that productivity can be sustained while minimizing adverse impacts on the environment. Research will also address the effects of agriculture on water quality by supporting projects that examine underlying mechanisms in order to provide the knowledge necessary to develop methods for water quality protection and enhancement. In addition, research will provide the knowledge base from which integration of mechanistic responses of ecosystems to management planning can be achieved. Knowledge garnered will contribute to generation of biomass for biofuels, as one example. Sustaining agriculture as an environmentally and economically sound enterprise requires improved understanding and protection of the natural resource base upon which agriculture and forestry depend.

Nutrition, Food Safety and Health (\$11.0 million). Human nutrition research is needed to investigate the relationships of human health to diet and nutrition and to food quality and safety. Research is needed on the close relationship between human nutrition and genetics, including specific nutrient and gene interactions, in order to increase our knowledge of the role of nutrition in health maintenance. Further, a better understanding of factors impacting consumer behavior is required, particularly in the areas of obstacles to acceptance of healthful food habits, contemporary eating behaviors and methods to monitor knowledge and attitudes about food and health. More research is required to ensure and improve the safety of the U. S. food supply. There is also a necessity for rapid and reliable methods to detect and quantify pathogenic organisms and naturally occurring toxins in foods in order to determine the potential hazards' critical control points.

Plants (\$47.0 million). An increased effort is needed to explain the basic biological processes of crop and forest species, to search for new production systems that are sustainable and to find alternatives for present practices which are harmful to the environment or are not profitable. An increased effort in fundamental research is also needed to expand the knowledge base for the development and application of biotechnology in agriculture, both as a new industry and for safe, economical use in the food production, processing, and distribution system. The present "reservoir of scientific knowledge" supporting the plant sciences is inadequate for future needs. This knowledge base must be replenished to allow for more environmentally harmonious, economically viable forest and crop production systems. A fundamental understanding of the biology of crop and forest species is prerequisite to sustaining natural and managed systems, devising practices that ensure the compatibility of agricultural practices with the environment, developing sound pest control strategies and moving forward in biotechnology based on scientific principles. A new emphasis on agricultural production systems will foster research on the integration of biological principles with economic and social goals. The plant genome mapping program will continue to be an integral part of the plant systems research category in cooperation with the Agricultural Research Service as the lead agency. An increase in research on the biology of plant pests and their natural enemies will provide the knowledge base for developing or improving ecologically based pest management practices and alternatives to hazardous pesticides. Research in this area will be coordinated with other CSREES and ARS research.

Animals (\$29.5 million). Animal agriculture includes livestock, poultry and the rapidly emerging industries involving aquaculture and non-traditional animals. A wide range of research approaches is urgently needed for the future sustainability of animal production efficiency as well as to investigate such areas as the modification of animal products and animal well-being. Proposed research will apply advanced research tools including genome mapping and genetic engineering to understand the mechanisms that control fat and protein deposition, animal health, and reproduction. The knowledge obtained will be applicable for resolution of production and consumer questions. A better definition of the objective indicators of the health and well-being in food-producing animals is needed. A new emphasis on entire agricultural production systems will foster research on the integration of biological principles with economic and social goals.

Processing for Adding Value or Developing New Products (\$9.0 million). This initiative will focus additional resources upon research planned to design or originate new or improved, value-added food, non-food, non-feed products from agricultural and forestry materials. Through the application of the biological and physical sciences, food, non-food and industrial uses will be sought that are safe, energy-efficient, environmentally-sound and economical. Additional basic studies should increase the understanding of the physical, chemical and biological properties of the agricultural materials that may be improved through innovative processing and/or in enhancing and controlling the quality of food and non-food, non-feed products. Presently, only one-third of the U. S. agricultural exports are high value-added products. New technology and processes such as bioprocessing present major opportunities for producing goods that will increase the U. S. trade advantage. Energy biomass research on alcohol and biofuels made from agricultural and forestry

feedstocks will be supported. This research represents a priority for U. S. agriculture and should benefit farmers, related industries and consumers.

Markets, Trade, and Rural Development (\$6.5 million). Research is needed to identify and measure the forces that reduce economic vitality and guide the policies that can restore vitality of rural areas. New critical thinking also is needed to provide new theories, concepts, and methodologies for developing rural revitalization policies. U. S. agricultural markets and international trade must be expanded in ways to enhance economic growth and relieve the Federal Government from fiscally burdensome commodity programs. This must be done through a well-coordinated program based on sound scientific principles that will bolster U. S. marketing and trade. Research on the market opportunities and trade implications of new uses for agricultural commodities will also be supported. Research on how to assess new and emerging agricultural technologies will provide valuable insight as new technologies become available.

As shown below, the six NRI categories will have significant impact on programs in the Department's initiatives on water quality, global change, biofuels, food safety, biotechnology, human nutrition, new uses and products, forestry, and pest control by integrated management programs. Emphasis will continue to be placed, where appropriate, on long- and short-term research to insure a sustainable agricultural system.

Funding from NRI for Selected Areas
(Dollars in Thousands)

<u>Crosscut Area</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
Water Quality	\$4,629	\$4,370	\$7,395	\$7,395	9,870
Global Change	9,400	9,218	10,575	10,575	11,000
Food Safety	3,440	3,973	4,343	4,343	5,500
Human Nutrition	3,826	3,705	4,121	4,121	5,500
Plant Genome	12,309	12,196	11,739	11,739	13,300
Biofuels	500	809	702	702	900
New/Improved Uses	6,053	4,788	6,086	6,086	7,538
Forestry	9,508	6,340	6,993	6,993	10,000
IPM	3,827	4,148	9,288	9,288	10,000
Biological Control	3,250	4,809	6,239	6,239	6,500
Wetlands	1,299	557	679	679	1,299
Sustainable Ag	*10,640	10,142	14,668	14,668	16,000

*The funds designated as sustainable agriculture were categorized as either site-specific or identifiable as impacting directly on the objectives of sustainable agriculture. A high percentage of NRI funds supports research that will contribute to a sustainable agricultural system on a long-term basis.

The NRI is strongly supported by the Administration as well as numerous producer and trade associations and advisory groups. It has also attracted the strong support of the scientific community throughout the United States. The NRI is of major importance to the future of American agriculture and has been a successful mechanism to increase the investment, both Federal and non-Federal in agriculture research in recent years as well as enhancing the general quality of the research. Congress has fully endorsed the NRI in the 1990 Farm Bill.

- (3) A net decrease of \$7,632,000 for Federal Administration (direct appropriation) (\$19,947,000 available in 1995) consisting of:

(a) A decrease for the following projects available in 1995):

-\$2,852,000	Gulf Coast shrimp aquaculture
-544,000	Curriculum development and strengthening, Mississippi Valley State University
-877,000	Geographic information system pilot program
-407,000	Vocational aquaculture education curriculum
-204,000	Alternative Fuels Characterization Lab, University of North Dakota
-815,000	PM-10 Study, California and Washington
-527,000	Agricultural development in the American Pacific
-612,000	Center for Agricultural and Rural Development, Iowa State University
-405,000	American Indian Initiative of the Arid Lands Development Fund
-500,000	Herd Management, Tennessee State University
-81,000	Center for North American Studies, Texas
-87,000	National Potato Trade and Tariff Association
<u>-\$7,911,000</u>	<u>TOTAL</u>

Prior funding has supported the initial development of these projects. Emphasis is placed on high priority national interest programs in the 1996 CSREES budget.

(b) A decrease of \$867,000 for water quality research in North Dakota and Illinois (\$867,000 available in 1995). Prior funding has supported the initial development of this project. Funding is requested for water quality under the Special Research Grants program as part of the Federal government's water quality initiative. Water quality research is also conducted through the National Research Initiative Competitive Grants program and States may compete for these funds.

(c) An increase of \$288,000 for merit review panel costs (\$212,000 available through direct Federal administration in 1995).

The Cooperative State Research, Education, and Extension Service uses the merit review panel process to evaluate proposals submitted under the National Research Initiative, Special Research Grants program, Higher Education programs, Rangeland Research program, and Small Business Innovation Research program. This request provides for the cost of travel and honoraria for the merit review panel members. Additional merit review panel costs are met through set-asides from program funds. Growth in the CSREES grants programs results in the need for more merit review panels, and these additional funds are needed for the increased costs associated with travel and honoraria for the merit reviewers.

(d) An increase of \$74,000 for the Office of Agricultural Biotechnology (\$326,000 available in 1995).

The U. S. Department of Agriculture recognizes that the science of biotechnology holds great promise for improving the quality and availability of our food and fiber supplies, contributing to rural revitalization, maintaining our position in the international marketplace, and enhancing our natural resources. In order to assure program coordination and operational efficiency, the Office of Agricultural Biotechnology (OAB) was established. The OAB has primary responsibility for coordinating the Department's policies and procedures pertaining to all facets of agricultural biotechnology. As biotechnology-related programs continue to grow within USDA and other Federal agencies, interagency coordination becomes more crucial. It is important for USDA to assure that Federal, academic, and industrial biotechnology activities are subject to the same or closely comparable standards of research and product safety review. The current functions of the OAB are to coordinate biotechnology activities within USDA, to develop biotechnology review procedures where they are needed, to assist in the development of USDA biotechnology research

guidelines and review procedures to help assure the biosafety of agricultural biotechnology research, to provide staff support for biotechnology committees, including the Agricultural Biotechnology Research Advisory Committee (ABRAC), and to coordinate Departmental biotechnology activities with the Environmental Protection Agency, the Food and Drug Administration and with other agencies.

Key issues that will require increased OAB activity in 1996 will include implementing the USDA consumer information plan, coordinating the Administration's biotechnology research initiative for USDA, and increased interaction with trading partners to ensure that U. S. agricultural biotechnology products do not face unnecessary trade barriers. 1996 will be a crucial year for agricultural biotechnology since the first whole foods produced with biotechnology have reached the U. S. market and others are on the way. Taking a proactive approach to consumer issues related to biotechnology will be necessary if these first products of food biotechnology are to be accepted. OAB will lead this effort for USDA.

OAB will also lead the interagency process necessary to comply with the Presidential Initiative on Biotechnology Research which involves a detailed department-wide budget and priority setting analysis. This exercise is crucial to rationalizing resources for agricultural biotechnology research.

Lastly, during 1996, OAB will coordinate increased Departmental efforts to interact with our trading partners to ensure that agricultural biotechnology products are not subject to unnecessary trade barriers. This will include more intensive interactions with the European Community, Japan and developing countries such as China, Mexico, etc., which are emerging as key developers of agricultural biotechnology.

- (e) An increase of \$41,000 for the Office of Grants and Program Systems (\$273,000 available in 1995).

To support the operating costs of the Office of Grants and Program Systems on the administration of competitive grants for research and education in the food and agricultural sciences, the Small Business Innovation Research Program, and the Biotechnology Risk Assessment Program.

- (f) A net increase of \$167,000 which includes a decrease of \$7,000 for the annualization of the fiscal year 1995 pay raise and \$174,000 for the anticipated fiscal year 1996 pay raise.
- (g) A decrease of \$48,000 for administrative efficiency.

In support of the Secretary's streamlining efforts and the President's Executive Order to reduce overhead-type outlays, the budget authority is reduced by \$48,000.

In order to achieve these savings, CSREES will reduce discretionary expenses by \$48,000 in FY 1996, in areas such as supply and equipment purchases, printing and reproduction costs and travel costs.

- (h) A decrease of \$9,000 for FTS 2000. Decrease reflects lower long distance telecommunication prices due to price redetermination in the FTS 2000 contracts.
- (i) An increase of \$633,000 for the 1890 Institution Capacity Building Grants Program (\$9,917,000 available in 1995).

The President's Science Advisor and the Office of Science and Technology Policy (OSTP) emphasize the urgent need to train more multicultural scientists and related professionals. The 1890 land-grant institutions and Tuskegee University are major producers of this sorely needed

human capital. By strengthening the teaching and research infrastructure of these institutions, the Department can play a vital role in augmenting the development of multicultural expertise for food and agricultural science and business.

The Capacity Building Program is definitely strengthening the 1890 land-grant institutions. The emphasis on partnerships is evidenced by consistent contributions of notable non-Federal matching funds. Strong linkages between the 1890 and 1862 land-grant universities are being forged. Also, a steady growth in the number of USDA agencies serving as cooperators on funded Capacity projects has occurred, thereby strengthening departmental partnerships and linkages with these important multicultural institutions. Under the Capacity Building Program, more faculty are involved in research and education programs now than previously, leading to significant professional growth on the part of the 1890 faculty. The program is supporting students at the 1890 institutions, including salaries for research associates, postdoctorates, graduate students, and pre-baccalaureate students associated with research projects, as well as providing direct student support in the form of scholarships, stipends, and tuition. Scientific instrumentation, both for research and teaching purposes, purchased under this program is increasing the system's competitiveness in high priority research areas and in the quality of education delivered to student populations. Further, the Capacity Building Grants Program is helping the institutions develop skills for competing successfully in the overall Federal grants arena. Therefore, it should open up a much broader array of funding opportunities for them in the future.

The 1890 Institution Capacity Building Grants Program serves as the crux of the Department's high priority initiative to advance the teaching and research capacity of the 1890 institutions and Tuskegee University. It is competitive and strongly encourages matching funds from non-Federal sources. This program uses a merit review process. It also requires cooperation with one or more USDA agencies in developing a proposal and in implementing and carrying out a capacity building project. This modest increase allows the program to keep abreast of inflation and to expand very slightly. This is especially necessary at this time when matching funds and State contributions to educational initiatives are especially hard to obtain.

- (4) A decrease of \$1,350,000 for Higher Education programs (\$8,850,000 available in 1995).
- (a) An decrease of \$2,850,000 for Institution Challenge Grants (\$4,350,000 available in 1995).

This decrease is part of a reduction to meet overall USDA budget and spending targets. This reduced level of funding is consistent with appropriations for this program in fiscal years 1991 through 1994. Funding increases are proposed for other higher education programs.

- (b) An increase of \$1,500,000 for a USDA-Hispanic Education Partnerships Grants Program (No funding available in 1995).

Although Hispanics are 8.9 percent of U. S. civilian labor force, few hold scientific and professional leadership roles in the food and agricultural system. Furthermore, the education pipeline is inadequate to overcome this problem since only about 2 percent of students in the food and agricultural sciences both at the undergraduate and graduate degree level are Hispanic. Developing USDA partnerships with institutions that serve primarily Hispanic students is key to solving this problem. A new USDA competitive grants program is proposed to expand and strengthen academic programs in the food and agricultural sciences at Hispanic-serving colleges and universities (those with an enrollment of 25 percent or more Hispanic students). The USDA-HACU (Hispanic Association of Colleges and Universities) Leadership Group appointed by the Secretary of Agriculture has urged that this partnership program be initiated. This would be the first major USDA national program to be activated as a result of a Memorandum of Understanding signed by Secretary Espy and the HACU in June 1993. It would be based on the

model of the 1890 Capacity Building Grants Program (teaching component) that has proved to be a superior mechanism for enhancing partnerships with minority institutions.

This program will be the foundation for USDA efforts to better serve Hispanic Americans and to prepare them for careers in agriscience and agribusiness. It will capitalize on the momentum of USDA's growing commitment to mobilize multicultural talent for American agriculture. This innovative Department-wide program will strongly encourage matching funds from non-Federal sources, thus stimulating partnerships with the private sector. It will enable eligible institutions to undertake broader collaborative efforts with other universities and private sector entities to launch special student recruitment efforts, enhance curricula offerings, update and expand faculty expertise, and implement innovative instructional delivery systems. By strengthening the infrastructure of these institutions, the Department can play a vital role in mainstreaming the development of Hispanic expertise for the food and agricultural sciences and businesses. This program will use a merit review process. It is anticipated that the \$1,500,000 increase for this program would support approximately 20 projects ranging from \$50,000-\$150,000 for one to three years' duration.

- (5) An increase of \$4,600,000 for the initial installment of the Native American Institutions "1994 Institutions" Endowment Fund. (No funding available in 1995).

Less than 1 percent of all baccalaureate degrees in the food and agricultural sciences are earned by American Indians. Therefore, it is not surprising that the food and agricultural system has almost no American Indians in scientific and professional leadership roles. Furthermore, the education pipeline is sorely deficient to overcome this problem. Tribal colleges, which have the potential to reach the largest numbers of such students, are woefully inadequate to launch their students into careers in the food and agricultural sciences. The continuing neglect of these Institutions is a disservice to the Indian community and is detrimental to the Nation. Developing USDA partnerships with institutions that serve American Indian students is key to solving this problem. A new USDA land-grant initiative is proposed to strengthen undergraduate programs in the food and agricultural sciences at Tribal Colleges.

This program provides the first installment to establish an endowment for the 1994 land-grant institutions (29 Tribally controlled colleges) as designated in P.L. 103-382. It will be the foundation of USDA efforts to better serve the rural communities in which these Tribal colleges are located and to better prepare Indians for professional careers in agriscience and agribusiness. It will capitalize on the momentum of USDA's growing commitment to mobilize minority talent for American agriculture. It will enable eligible institutions to undertake broader collaborative efforts with other institutions, particularly the other land-grant institutions, and private sector entities to launch special student recruitment efforts, enhance curricula offerings, update and expand faculty expertise, and implement innovative instructional delivery systems. By strengthening the infrastructure of these institutions, the Department can play a vital role in mainstreaming the development of Indian expertise for food and agricultural science and businesses as well as the development of their own communities.

The \$4,600,000 increase in this program will be the beginning of a 5-year program of endowment development for these 29 institutions. Based on legislation an annual endowment of \$4.6 million will result in a \$23 million program in five years. On the termination of each fiscal year, the Secretary shall withdraw the income from the endowment fund for the fiscal year, and after making adjustments for the cost of administering the endowment fund, distribute the adjusted income as follows. Sixty percent of the adjusted income from these funds shall be distributed among the 1994 Institutions on a pro rata basis, the proportionate share being based on the Indian student count. Forty percent of the adjusted income shall be distributed in equal shares to the 1994 Institutions.

CSREES will manage the program, seeing that funds generated on the endowment each year are distributed as indicated to the 29 institutions. Further, these institutions will be linked to other land-grant institutions, as well as non-land-grant institutions with teaching activities in the food and agricultural sciences, by incorporating their faculty into ongoing teaching workshops, peer-review panels, and other education-founded events co-sponsored by USDA and other Federal agencies.

SMALL BUSINESS INNOVATION RESEARCH PROGRAM

The Small Business Innovation Development Act (SBIR), Public Law 97-219, July 22, 1982, as amended by Public Law 99-443, October 6, 1986, was designed to strengthen the role of small, innovative firms in Federally funded research and development. Under this program, small firms receive at least a fixed minimum percentage of research and development awards made by Federal agencies with sizable research and development budgets. From FY 1986 through FY 1992, 1.25 percent of an agency's extramural research budget was set aside for purposes of the SBIR Act. The Small Business Research and Development Enhancement Act of 1992 (Public Law 102-564, October 28, 1991) has amended the set-aside percent for the SBIR program as follows: 1.5 percent in fiscal years 1993 and 1994, 2.0 percent in fiscal year 1995 and 1996, and 2.5 percent in each fiscal year thereafter.

<u>Agency</u>	<u>FY 1994 Actual</u>	<u>FY 1995 Estimate</u>	<u>FY 1996 Estimate</u>
Agricultural Research Service (a).....	\$429,041	671,960	607,000
Alternative Agricultural Research and Commercialization	114,750	110,500	136,000
Cooperative State Research, Education, and Extension Service	6,197,748	8,068,668	8,072,435
Economic Research Service	16,500	42,680	43,500
Forest Service	404,685	430,500	430,500
National Agricultural Statistics Service	2,250	3,100	3,100
FAS/International Cooperative Development	<u>1,781</u>	<u>3,640</u>	<u>3,640</u>
Total	\$7,166,755	\$9,331,048	\$9,296,175

(a) Includes former Human Nutrition Information Service.

The functions of the SBIR program (solicitation, review and evaluation of proposals) have been centralized in order to most effectively and efficiently serve the SBIR community. Eight research topic areas have been established:

1. Forests and Related Resources. Research proposals are solicited to develop environmentally sound techniques to increase productivity of forest land and to increase the utilization of materials and resources from forest lands.
2. Plant Production and Protection. Research proposals are solicited to examine means of enhancing crop production by reducing the impact of destructive agents, developing effective crop systems that are economically and environmentally sound, enhancing the impact of new methods of plant manipulation, and developing new crop plants and new uses for existing crops.
3. Animal Production and Protection. Research proposals are solicited to find ways to enable producers of food animals to increase production efficiency and to assure a reliable and safe supply of animal protein and other animal products while conserving resources and reducing production costs.
4. Air, Water and Soils. Research proposals are solicited to develop technologies for conserving air, water and soil resources while sustaining agricultural productivity.

5. Food Science and Nutrition. Research proposals are solicited to develop new knowledge and a better understanding of the characteristics of foods and their nutritional impact; to apply new knowledge to improve our foods and diets; and to apply new knowledge to the production of useful new food products, processes, materials, and systems including application of nutritional information to consumer foods and food service systems.

6. Rural and Community Development. Research proposals are solicited to develop knowledge and technology that will promote, foster, or improve the well-being of rural Americans.

7. Aquaculture. Research proposals are solicited to enhance the knowledge and technology base necessary for the continued growth of the domestic aquaculture industry as a form of production agriculture. Emphasis is placed on research leading to improved production efficiency and increased competitiveness of private sector aquaculture in the United States.

8. Industrial Applications. Research proposals are solicited to develop new or improved technologies that will lead to increased production of industrial products from agricultural materials.

TABLE 1
DISTRIBUTION OF FEDERAL PAYMENTS FOR RESEARCH, EDUCATION AND FACILITIES AT STATE
AGRICULTURAL EXPERIMENT STATIONS AND OTHER STATE INSTITUTIONS - FISCAL YEAR 1994

STATE	HATCH ACT AS AMENDED		TOTAL	COOP FORESTRY RSH (MS)	1890 UNIV & TUSK UNIV (EA)	ANIMAL HEALTH & DIS RSCH	SPECIAL RESEARCH GRANTS	COMPET RESEARCH GRANTS	HIGHER EDUCATION GRANTS	FED ADMIN DIRECT APPROP	FACILITIES	BIOTECH RISK ASSESS	TOTAL FEDERAL FUNDS
	REGULAR FORMULA	REGIONAL FORMULA											
ALABAMA	2,860,766	784,575	3,645,341	660,370	3,106,412	115,054	954,857	950,237	50,000	1,799,614	-	-	11,281,885
ALASKA	778,832	135,056	913,888	439,801	-	7,309	4,700	312,500	50,000	-	-	-	1,728,198
AMER SAMOA	647,744	20,502	668,246	-	-	-	-	-	50,000	-	-	-	718,246
ARIZONA	1,076,856	714,108	1,790,964	284,104	-	50,090	993,401	1,230,857	109,735	-	776,000	-	5,310,343
ARKANSAS	2,468,305	687,605	3,155,910	582,522	1,371,270	85,725	3,506,656	532,299	50,000	491,939	2,587,960	75,192	12,364,281
CALIFORNIA	3,273,272	1,471,722	4,744,994	621,446	-	478,943	2,776,219	11,344,134	521,792	449,061	2,023,420	105,139	23,065,148
COLORADO	1,462,527	1,027,111	2,489,638	310,054	-	281,169	1,478,306	1,827,724	212,000	-	310,400	-	6,909,291
CONNECTICUT	1,220,708	467,900	1,688,608	219,233	-	17,523	398,043	1,220,729	50,000	-	-	-	3,594,136
DELAWARE	844,125	350,009	1,194,134	89,485	529,856	19,919	5,000	368,406	50,000	347,948	319,130	-	2,923,878
DC	418,220	101,050	519,270	-	-	-	9,700	157,000	50,000	-	-	-	735,970
FLORIDA	2,075,458	638,693	2,714,151	595,497	1,138,295	139,293	2,691,781	2,214,203	180,000	225,000	267,720	72,884	10,238,824
GEORGIA	3,225,784	1,077,882	4,303,666	712,269	1,750,003	138,507	2,341,480	2,056,991	112,620	250,529	1,634,450	72,888	13,373,403
GUAM	674,344	115,643	789,987	37,586	-	-	293,200	0	50,000	-	-	-	1,170,773
HAWAII	834,127	362,119	1,196,246	141,384	-	7,560	2,544,804	313,807	50,000	2,935,972	-	-	7,189,773
IDAH0	1,375,661	563,015	1,938,676	426,826	-	49,950	1,190,016	597,711	50,000	-	-	-	4,253,179
ILLINOIS	4,113,966	953,614	5,067,580	336,004	-	161,287	809,926	5,836,116	266,000	673,592	809,950	75,192	14,035,647
INDIANA	3,772,107	803,706	4,575,813	348,978	-	87,092	2,746,840	3,072,918	441,585	-	-	-	11,273,226
IOWA	3,952,525	1,602,634	5,555,159	232,206	-	246,445	5,423,807	2,054,495	180,000	673,592	-	-	14,440,896
KANSAS	2,396,644	738,906	3,135,550	180,308	-	197,776	1,303,940	1,243,260	129,479	-	1,164,000	-	7,354,313
KENTUCKY	3,789,400	785,676	4,575,076	400,877	2,022,380	82,032	135,128	1,296,020	50,000	872,742	-	-	9,434,255
LOUISIANA	2,280,182	649,036	2,929,218	608,471	1,248,362	104,099	1,342,989	1,010,679	50,000	821,779	-	-	8,115,597
MAINE	1,198,365	487,671	1,686,036	569,547	-	20,492	1,666,729	360,483	50,000	-	-	-	4,353,287
MARYLAND	1,653,055	613,614	2,266,669	271,130	920,371	39,077	410,926	1,562,612	50,000	202,491	1,618,930	10,000	7,352,206
MASS	1,443,273	598,969	2,042,242	258,156	-	28,131	1,189,799	2,906,629	266,000	-	-	-	6,690,957
MICHIGAN	3,782,842	934,260	4,717,102	530,622	-	73,946	6,162,076	2,978,307	266,000	-	-	-	14,728,053
MICRONESIA	294,410	-	294,410	-	-	-	-	-	50,000	-	-	-	344,410
MINNESOTA	3,704,493	843,359	4,547,852	504,674	-	170,741	1,379,988	1,709,129	445,962	-	-	-	8,758,346
MISSISSIPPI	2,941,697	793,388	3,735,085	647,395	1,587,583	70,902	3,923,216	646,738	50,000	1,397,533	91,180	-	12,149,632
MISSOURI	3,583,077	753,415	4,336,492	426,826	1,930,086	166,650	2,056,087	2,595,568	212,000	954,480	2,355,160	-	15,033,349
MONTANA	1,298,842	630,544	1,929,386	413,852	-	71,849	46,823	1,104,120	50,000	-	1,811,960	-	5,427,990
NEBRASKA	2,222,755	864,465	3,087,220	167,333	-	206,721	2,920,911	1,576,986	376,452	-	-	-	8,335,623
NEVADA	772,223	345,238	1,117,461	63,536	-	80,851	307,191	606,647	50,000	-	-	-	2,165,686
N. HAMPSHIRE	973,277	350,743	1,324,020	323,029	-	6,555	4,700	633,018	50,000	-	-	-	2,343,322
NEW JERSEY	1,419,757	1,198,392	2,618,149	193,282	-	17,154	1,779,272	1,403,237	50,000	-	2,123,330	-	8,184,424

NEW MEXICO	1,110,044	379,847	1,489,891	245,181	-	39,193	1,116,734	543,575	50,000	-	774,060	-	4,258,634
NEW YORK	3,609,927	1,449,984	5,059,911	673,345	-	222,014	3,604,025	6,115,278	50,000	-	2,427,910	72,884	18,225,367
N. CAROLINA	4,860,867	-1,125,072	5,985,939	673,345	-	98,696	1,288,391	4,034,528	169,480	640,322	2,981,780	-	18,387,226
N. DAKOTA	1,636,849	567,721	2,204,570	76,510	-	51,395	1,735,064	978,725	50,000	-	1,661,460	-	7,431,317
N. MARIANAS	554,355	-	554,355	-	-	-	-	-	50,000	-	-	-	604,355
OHIO	4,494,093	913,962	5,408,055	374,928	-	101,541	986,981	1,760,413	116,143	-	255,110	-	9,003,171
OKLAHOMA	2,282,918	582,088	2,865,006	361,953	-	153,925	1,170,793	1,016,410	126,000	-	341,440	-	7,315,528
OREGON	1,721,816	893,059	2,614,875	699,294	-	91,502	3,712,045	2,623,430	212,821	-	2,427,910	-	12,381,777
PENNA	4,447,830	1,194,682	5,642,512	491,699	-	139,685	1,442,468	2,656,537	278,484	-	-	-	10,651,365
PUERTO RICO	3,108,422	698,623	3,807,045	102,460	-	11,744	279,319	130,000	50,000	-	-	-	4,380,568
RHODE ISLAND	773,318	363,188	1,136,506	115,434	-	4,957	155,756	744,256	50,000	-	-	-	2,206,909
S. CAROLINA	2,488,909	647,935	3,136,844	517,649	-	25,001	615,082	725,862	50,000	899,796	-	-	7,322,267
S. DAKOTA	1,688,050	572,557	2,260,607	128,409	-	97,407	453,341	437,230	50,000	-	-	-	3,426,994
TENNESSEE	3,609,238	803,308	4,412,546	465,750	-	1,914,798	129,442	1,446,682	125,992	1,202,315	2,210,630	-	11,973,627
TEXAS	4,725,470	1,342,702	6,068,172	543,598	-	2,529,800	1,467,047	5,053,986	180,000	819,869	566,480	-	17,649,124
UTAH	974,319	737,800	1,712,119	154,358	-	57,997	2,022,981	584,570	50,000	-	751,750	-	5,333,775
VERMONT	1,027,313	307,541	1,334,854	297,080	-	13,784	1,944,186	121,070	98,385	-	-	-	3,809,359
V. ISLANDS	659,900	112,398	772,298	50,561	-	-	238,398	-	50,000	-	-	-	1,111,257
VIRGINIA	3,082,157	734,986	3,817,143	569,547	-	1,646,481	236,899	1,383,497	230,000	2,056,394	1,424,930	-	11,511,468
WASHINGTON	1,958,888	1,382,778	3,341,666	660,371	-	156,149	3,888,519	4,765,554	374,000	449,062	4,655,030	-	18,292,351
W. VIRGINIA	1,944,855	511,100	2,455,955	387,902	-	-	4,700	197,001	50,000	-	-	-	3,107,672
WISCONSIN	3,715,521	956,237	4,671,758	478,725	-	174,750	666,301	5,017,424	445,605	-	1,918,660	148,076	13,521,299
WYOMING	917,505	503,085	1,420,590	206,257	-	-	86,886	571,953	50,000	-	970,970	-	3,346,865
OTHER	-	218,900	218,900	-	-	38,600	375,507	-	-	-	-	-	633,007
SBIR	1,894,326	601,681	2,496,007	302,771	-	409,684	1,227,353	1,484,222	-	197,777	-	-	6,197,748
PEER PANEL	-	-	-	-	-	-	5,541	475,376	23,465	21,590	-	5,494	531,466
SUBTOTAL	126,116,509	40,065,854	166,182,363	20,173,930	27,290,760	5,311,160	81,712,270	98,591,039	7,700,000	19,056,990	41,261,710	712,941	467,993,163
UNOBLIG BAL	26,238	-	26,238	-	-	-	-	-	970,000	-	19,109,150	-	20,105,388
SUBTOTAL	126,142,747	40,065,854	166,208,601	20,173,930	27,290,760	5,311,160	81,712,270	98,591,039	8,670,000	19,056,990	60,370,860	712,941	488,098,551
FEDERAL ADMIN	4,903,509	-	4,903,509	624,270	844,710	222,040	3,261,470	4,122,840	150,000	2,236,470	1,293,132	-	17,658,441
UNOBLIG BAL	-	-	-	-	-	-	-	-	30,000	-	864,489	-	894,489
SUBTOTAL	4,903,509	-	4,903,509	624,270	844,710	222,040	3,261,470	4,122,840	180,000	2,236,470	2,157,621	-	18,552,930
BIOTECH RISK	145,681	46,209	191,890	10,800	21,530	17,800	111,260	357,121	-	2,540	-	(712,941)	-
ASSESSMENT	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	131,191,937	40,112,063	171,304,000	20,809,000	28,157,000	5,551,000	85,085,000	103,071,000	8,850,000	21,296,000	62,528,481	0	506,651,481

TABLE 2
DISTRIBUTION OF FEDERAL PAYMENTS FOR RESEARCH, EDUCATION, AND FACILITIES AT STATE
AGRICULTURAL EXPERIMENT STATIONS AND OTHER INSTITUTIONS - FISCAL YEAR 1995

STATE	HATCH ACT AS AMENDED		TOTAL	COOP FORESTRY RSH (MS)	1890 UNIV & TASK UNIV (EA)	ANIMAL HEALTH & DIS RSCH	SPECIAL RESEARCH GRANTS	COMPET RESEARCH GRANTS	HIGHER EDUCATION GRANTS	FED ADMIN DIRECT APPROP	FACILITIES	BIOTECH RISK ASSESS	TOTAL FEDERAL FUNDS
	REGULAR FORMULA	REGIONAL FORMULA											
ALABAMA	2,835,037	786,353	3,621,390	683,736	3,091,218	114,471	-	-	-	-	506,340	-	8,017,155
ALASKA	771,309	134,021	905,330	451,059	-	7,272	-	-	-	-	-	-	1,363,661
ARIZONA	644,401	20,344	664,745	-	-	0	-	-	-	-	-	-	664,745
ARIZONA	1,066,615	708,635	1,775,250	321,794	-	49,836	-	-	-	-	-	-	2,146,080
ARKANSAS	2,445,991	689,163	3,135,154	567,398	1,364,563	85,290	-	-	-	-	3,179,660	-	8,332,065
CALIFORNIA	3,238,910	1,460,669	4,699,579	619,103	-	476,511	-	-	-	-	1,836,210	-	7,631,403
COLORADO	1,447,970	1,032,394	2,480,364	283,015	-	279,741	-	-	-	-	1,194,070	-	4,237,190
CONNECTICUT	1,209,096	465,290	1,674,386	218,382	-	17,434	-	-	-	-	550,960	-	2,461,162
DELAWARE	835,991	348,057	1,184,048	76,192	527,265	19,818	-	-	-	-	1,377,400	-	3,184,723
DC	524,941	100,487	625,428	-	-	0	-	-	-	-	-	-	625,428
FLORIDA	2,053,225	625,105	2,678,330	580,324	1,132,724	138,586	-	-	-	-	-	-	4,529,964
GEORGIA	3,194,653	1,123,917	4,318,570	709,589	1,741,441	137,803	-	-	-	-	2,324,120	-	9,231,523
GUAM	667,667	114,755	782,422	37,412	-	0	-	-	-	-	-	-	819,834
HAWAII	826,237	359,343	1,185,580	153,751	-	7,522	-	-	-	-	-	-	2,797,003
IDAHO	1,362,041	558,700	1,920,741	412,280	-	49,696	-	-	-	-	1,450,150	-	2,797,003
ILLINOIS	4,073,732	945,924	5,019,656	334,720	-	160,468	-	-	-	-	1,708,170	-	4,090,887
INDIANA	3,734,019	797,226	4,531,245	360,574	-	86,650	-	-	-	-	3,543,410	-	9,058,254
IOWA	3,912,710	1,616,621	5,529,331	244,236	-	245,194	-	-	-	-	-	-	4,978,469
KANSAS	2,373,467	732,947	3,106,414	179,604	-	196,771	-	-	-	-	-	-	6,018,761
KENTUCKY	3,752,475	787,457	4,539,932	399,354	2,012,485	81,615	-	-	-	-	870,090	-	3,482,789
LOUISIANA	2,259,230	650,507	2,909,737	606,177	1,242,256	103,570	-	-	-	-	-	-	7,903,476
MAINE	1,186,592	484,951	1,671,543	528,618	-	20,388	-	-	-	-	-	-	4,861,740
MARYLAND	1,637,160	610,190	2,247,350	257,163	915,869	38,879	-	-	-	-	-	-	2,220,549
MASS	1,429,479	595,628	2,025,107	270,088	-	27,988	-	-	-	-	1,836,210	-	5,295,471
MICHIGAN	3,745,642	934,428	4,680,070	567,399	-	73,570	-	-	-	-	2,387,170	-	4,710,353
MICRONESIA	679,398	-	679,398	-	-	0	-	-	-	-	-	-	5,321,039
MINNESOTA	3,667,725	836,559	4,504,284	502,765	-	169,874	-	-	-	-	-	-	679,398
MISSISSIPPI	2,916,464	795,187	3,711,651	632,030	1,579,819	70,542	-	-	-	-	-	-	5,176,923
MISSOURI	3,547,465	747,338	4,294,803	438,133	1,920,642	165,801	-	-	-	-	1,377,400	-	7,371,442
MONTANA	1,285,729	625,710	1,911,439	425,206	-	71,485	-	-	-	-	734,290	-	7,553,689
NEBRASKA	2,200,717	848,070	3,048,787	166,677	-	205,671	-	-	-	-	2,529,760	-	4,937,890
NEVADA	764,668	342,592	1,107,260	63,265	-	20,745	-	-	-	-	-	-	3,421,135
N. HAMPSHIRE	963,373	348,785	1,312,158	308,868	-	8,511	-	-	-	-	-	-	1,191,270
NEW JERSEY	1,406,079	1,194,398	2,600,477	205,456	-	17,067	-	-	-	-	-	-	1,629,537
NEW MEXICO	1,099,373	376,936	1,476,309	231,309	-	38,994	-	-	-	-	3,671,450	-	6,494,450
NEW YORK	3,575,294	1,442,674	5,017,968	644,956	-	220,887	-	-	-	-	1,377,400	-	3,124,012
N. CAROLINA	4,816,550	1,127,620	5,944,170	670,809	2,502,444	98,194	-	-	-	-	3,671,450	-	9,555,261
N. DAKOTA	1,621,504	563,144	2,184,648	102,045	-	51,134	-	-	-	-	2,591,840	-	11,807,457
N. MARIANAS	631,419	-	631,419	-	-	0	-	-	-	-	2,522,000	-	4,859,827
OHIO	4,449,007	906,592	5,355,599	373,500	-	101,026	-	-	-	-	-	-	631,419
											222,130	-	6,052,255

OKLAHOMA	2,260,819	565,467	2,826,286	347,647	1,273,739	153,144	-	-	-	-	-	-	363,750	-	-	4,964,566
OREGON	1,703,897	886,214	2,590,111	696,662	-	-	-	-	-	-	-	-	2,325,090	-	-	5,702,907
PENNA	4,404,358	1,188,244	5,592,602	489,839	-	-	-	-	-	-	-	-	2,295,020	-	-	8,516,437
PUERTO RICO	3,085,391	700,206	3,785,597	89,118	-	-	-	-	-	-	-	-	-	-	-	3,886,400
RHODE ISLAND	765,947	361,162	1,127,109	114,971	-	-	-	-	-	-	-	-	2,620,940	-	-	3,867,952
S. CAROLINA	2,465,714	649,402	3,115,116	515,691	-	-	-	-	-	-	-	-	2,464,224	-	-	5,001,101
S. DAKOTA	1,671,475	567,940	2,239,415	127,897	-	-	-	-	-	-	-	-	-	-	-	2,464,224
TENNESSEE	3,576,012	805,127	4,381,139	463,986	1,905,431	65,140	-	-	-	-	-	-	2,380,380	-	-	9,196,076
TEXAS	4,677,805	1,247,781	5,925,586	541,544	2,517,421	418,039	-	-	-	-	-	-	492,760	-	-	9,895,350
UTAH	965,108	725,805	1,690,913	140,824	-	-	-	-	-	-	-	-	375,390	-	-	2,264,829
VERMONT	1,017,324	305,826	1,323,150	295,942	-	-	-	-	-	-	-	-	-	-	-	1,632,806
V. ISLANDS	653,407	112,652	766,059	50,339	-	-	-	-	-	-	-	-	-	-	-	816,398
VIRGINIA	3,053,280	736,652	3,789,932	554,471	1,638,427	86,137	-	-	-	-	-	-	-	-	-	6,068,967
WASHINGTON	1,939,198	1,393,047	3,332,245	657,884	-	-	-	-	-	-	-	-	4,460,060	-	-	8,607,534
W. VIRGINIA	1,927,109	508,248	2,435,357	386,428	-	-	-	-	-	-	-	-	-	-	-	2,833,838
WISCONSIN	3,678,187	949,750	4,627,937	476,914	-	-	-	-	-	-	-	-	2,678,170	-	-	7,956,883
WYOMING	908,576	499,229	1,407,805	192,531	-	-	-	-	-	-	-	-	1,146,540	-	-	2,786,980
OTHER	-	218,900	218,900	-	38,600	-	-	-	-	-	-	-	-	-	-	257,500
UNDISTRIBUTED	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SBIR	2,525,769	802,241	3,328,010	403,695	546,246	106,579	-	-	-	-	-	-	-	-	-	682,130
SUBTOTAL	126,132,731	40,062,610	166,195,341	20,173,370	27,296,010	5,311,240	72,719,736	98,668,950	9,554,500	18,032,044	60,599,780	682,130	479,233,101	-	-	8,072,512
UNOBLIG. BAL.	-	-	-	-	-	-	-	-	-	-	-	-	19,109,150	-	-	19,109,150
SUBTOTAL	126,132,731	40,062,610	166,195,341	20,173,370	27,296,010	5,311,240	72,719,736	98,668,950	9,554,500	18,032,044	79,708,930	682,130	498,342,251	-	-	8,072,512
FEDERAL ADMIN	-	-	4,903,509	624,270	844,710	222,040	2,883,550	4,124,920	295,500	1,906,180	2,144,220	-	864,489	-	-	17,948,899
UNOBLIG. BAL.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	864,489
SUBTOTAL	-	-	4,903,509	624,270	844,710	222,040	2,883,550	4,124,920	295,500	1,906,180	3,008,709	-	16,813,388	-	-	16,813,388
BIOTECH RISK ASSESSMENT	155,697	49,453	205,150	11,360	16,280	17,720	86,714	329,130	-	15,776	-	-	-	-	-	-
TOTAL	126,288,428	40,112,063	171,304,000	20,809,000	28,157,000	5,551,000	75,690,000	103,123,000	9,850,000	19,954,000	82,717,639	-	517,155,639	-	-	517,155,639

Table 4
National Research Initiative Competitive Grants Program
Proposals Submitted and Grants Awarded in Fiscal Year 1994

Program	Proposals Received	Dollars Requested	Grants Awarded	Dollars Awarded
NATURAL RESOURCES AND THE ENVIRONMENT				
Improved Utilization of Wood & Wood Fibers	106	\$14,836,168	18	\$1,651,057
Monitoring System for Ultraviolet	1	786,450	1	786,450
Natural Resources Strengthening	40	1,903,213	19	713,550
Natural Agricultural Systems	9	5,749,965	2	403,392
Natural Resources Tri-Agency	22	18,778,667	4	229,715
Forest/Range/Crop/Aquatic Ecosystems	165	45,341,059	24	3,929,954
Plant Response to the Environment	164	35,185,199	51	6,143,960
Soils & Soil Biology	133	25,837,711	20	2,831,000
Water Resources Assessment & Protection	207	42,296,753	27	3,814,112
Subtotal	847	190,715,185	166	20,503,190
NUTRITION, FOOD QUALITY AND HEALTH				
Ensuring Food Safety	94	18,586,260	17	2,442,724
Improving Human Nutrition	175	46,828,412	27	4,120,813
Nutrition Agricultural Systems	9	1,925,825	1	134,647
Nutrition Strengthening	15	643,757	5	202,740
Subtotal	293	67,984,254	50	6,900,924
ANIMAL SYSTEMS				
Animal Systems Strengthening	40	1,928,447	21	917,937
Animal Agricultural Systems	9	6,245,117	1	437,901
Enhancing Reproductivity Efficiency	118	30,135,746	30	4,768,368
Identifying Genetic Mechanisms & Gene Mapping	98	24,697,793	18	2,834,908
Improving Animal Growth & Development	101	24,664,871	22	4,069,728
Sustaining Animal Health & Well-Being	278	69,159,129	58	8,496,952
Subtotal	644	156,831,103	150	21,525,794
PLANT SYSTEMS				
Alcohol Fuels	22	4,561,623	4	388,000
Assessing Pest Control Strategies	78	13,209,614	12	1,265,000
Biological Control Research	130	21,728,777	19	2,401,636
Entomology/Nematology	220	43,845,903	60	6,236,866
Nitrogen Fixation/Metabolism	67	13,601,023	29	2,571,794
Pathology	155	32,209,982	48	4,174,058
Photosynthesis and Respiration	71	13,680,229	29	2,391,864
Plant Agricultural Systems	26	10,729,639	3	752,396
Plant Genetic Mechanisms	98	22,063,216	38	4,131,596
Plant Genome	113	29,712,380	38	5,595,904
Plant Growth & Development	205	45,815,796	59	5,514,385
Plant Systems Strengthening	92	4,440,831	28	1,200,000
Triagency Plant Systems	23	25,932,445	4	317,485
Weed Science	45	7,131,060	8	818,306
Subtotal	1,345	288,662,518	379	37,759,290
MARKETS, TRADE AND POLICY				
Markets Agricultural Systems	9	880,377	1	61,790
Markets, Competitiveness & Technology	78	10,322,910	19	1,655,545
Markets, Trade and Policy Strengthening	6	317,717	2	76,563
Rural Development	62	10,743,387	11	1,659,994
Subtotal	155	22,264,391	33	3,453,892
PROCESSING FOR VALUE ADDED PRODUCTS				
Enhancing Value & Use of Ag Forest Products	162	33,003,916	45	6,090,453
Processing Agricultural Systems	26	1,980,849	3	139,739
Processing Strengthening	21	869,250	7	258,159
Subtotal	209	35,854,015	55	6,486,351
TOTAL	3,493	762,311,466	833	96,631,441
Performing Organization				
Individual	77	\$8,829,837	29	\$2,307,728
1862 Land-Grant Universities	1,809	402,056,976	157	18,241,460
1890 Land-Grant Universities	43	8,964,844	3	209,750
Other	9	2,050,560	1	107,000
Other Federal Research Laboratories	28	7,375,687	6	912,539
Private Non-Profit	138	37,812,340	28	2,353,783
Private Profit	25	4,513,493	2	51,402
Private Universities	159	48,736,557	49	5,884,182
Public Universities	438	95,125,289	90	10,031,577
SAES	474	80,001,161	404	48,090,625
State/Local Gov't	5	1,026,313	-	-
USDA Agencies	188	42,401,389	40	5,663,691
Veterinary Schools & Colleges	124	28,516,948	24	2,777,704
TOTAL	3,517	767,411,394	833	96,631,441

Table 5
National Research Initiative Competitive Grants
Fiscal Year 1994 Recipients
(In Dollars)

State/Recipient -----	Fiscal Year 1994 Actual -----
ALASKA	
University of Alaska, Fairbanks	\$312,500
ALABAMA	
Alabama A&M University	130,000
Auburn University	534,237
University of South Alabama	286,000
ARIZONA	
Arizona State University	90,000
University of Arizona	1,140,857
ARKANSAS	
University of Arkansas	417,299
University of Arkansas, Pine Bluff	115,000
CALIFORNIA	
California State University, San Marcos	50,000
University of California, Davis	4,385,505
University of California, Berkeley	1,814,866
University of California, Irvine	410,000
University of California, Los Angeles	231,868
University of California, San Diego	278,800
University of California, Santa Barbara	60,000
University of California, Santa Cruz	143,000
University of California, San Francisco	187,000
University of California, Riverside	1,766,795
Beckman Research Institute of the City of Hope	200,000
Salk Institute for Biological Studies	100,000
The Scripps Research Institute	100,000
Timothy R. Collier	80,000
Michael B. Cooley	80,000
Helga L. George	80,000
Paul J. Ode	80,000
Diane Wagner	77,800
USDA, ARS Albany, California	648,500
USDA, Forest Service, Berkeley	570,000
COLORADO	
Colorado State University	795,000
University of Colorado, Boulder	285,000
University of Colorado Health Sciences Center	220,000
USDA, ARS Northern Plains Area	214,364
USDA, ARS, Fort Collins	6,000
USDA, Forest Service	54,570
USDA, Forest Service, Fort Collins	147,360
Rob R. Ramey	80,000
Adele M. Turzillo	80,000
CONNECTICUT	
Connecticut Agricultural Experiment Station	143,947
University of Connecticut	725,782
Yale University	145,000
Yale University, School of Medicine	206,000
DELAWARE	
E. I. de Pont de Nemours & Co.	50,000
University of Delaware	318,406
DISTRICT OF COLUMBIA	
Carnegie Institution of Washington	100,000
Howard University	57,000

State/Recipient -----	Fiscal Year 1994 Actual -----
FLORIDA	
Florida A&M University	49,750
Tampa Bay Research Institute	130,000
University of Florida	1,794,453
University of South Florida	110,000
University of Miami	130,000
GEORGIA	
Agnes Scott College	23,156
Clark Atlanta University	68,130
USDA, ARS South Atlantic Area	797,361
University of Georgia Research Foundation	1,168,344
HAWAII	
University of Hawaii	313,807
IDAHO	
University of Idaho	597,711
ILLINOIS	
Northwestern University	340,000
Southern University	36,993
University of Illinois, Chicago	72,000
University of Illinois, Urbana	2,909,127
USDA, ARS	2,397,996
William Brown	80,000
INDIANA	
Indiana University	90,000
Indiana State University	36,993
Purdue University	2,825,925
University of Notre Dame	120,000
IOWA	
Iowa State University	1,590,495
University of Iowa	384,000
Anne Kimber	80,000
KANSAS	
Kansas State University	1,003,260
University of Kansas	160,000
Eric Maurer	80,000
KENTUCKY	
Bellarmino College	44,814
Kentucky State University	45,000
University of Kentucky	1,206,206
LOUISIANA	
Louisiana State University & A&M College	715,679
Tulane University	205,000
USDA, ARS	90,000
MAINE	
University of Maine	360,483
MARYLAND	
Federation of American Societies of Experimental Biology	15,425
The Genetics Society of America	1,402
Towson State University	49,521
University of Maryland, Baltimore	152,000
University of Maryland, College Park	736,264
Elena del Campillo	90,000
Eric W. Riddick	80,000
USDA, ARS, Beltsville	438,000
MASSACHUSETTS	
Amherst College	156,553
Beth Israel Hospital, Boston	179,000
Boston University	100,000
Boston University School of Medicine	73,000
Harvard University	120,000

State/Recipient	Fiscal Year 1994 Actual

MASSACHUSETTS (continued)	
Massachusetts General Hospital	155,000
Massachusetts Institute of Technology	75,000
Northeastern University	180,000
Tufts University	713,922
University of Massachusetts, Amherst	939,154
University of Massachusetts, Dartmouth	55,000
Karen L. Houseknecht	80,000
Joel A. Kreps	80,000
MICHIGAN	
Michigan State University	2,490,198
Michigan Technological University	10,109
University of Detroit, Mercy	50,000
University of Michigan	348,000
Ernest J. DeRocher	80,000
MINNESOTA	
Mankato University	61,698
University of Minnesota	1,567,431
John J. Weiland	80,000
MISSISSIPPI	
Mississippi State University	484,657
University of Mississippi	105,000
University of Southern Mississippi	57,081
MISSOURI	
Saint Louis University	205,000
Southeast Missouri State University	33,456
University of Missouri, Columbia	1,344,112
University of Missouri, St. Louis	125,000
Washington University	808,000
Reginald J. Gaudino	80,000
MONTANA	
Montana State University	1,104,120
NEBRASKA	
University of Nebraska	1,576,986
NEVADA	
Desert Research Institute	107,000
University of Nevada	499,647
NEW HAMPSHIRE	
University of New Hampshire	303,018
Dartmouth College	250,000
David J. Westenberg	80,000
NEW JERSEY	
New Jersey Medical School	80,000
Rutgers University	1,323,237
NEW MEXICO	
New Mexico State University	535,000
University of New Mexico	8,575
NEW YORK	
Boyce Thompson Institute	100,000
Cold Spring Harbor Laboratory	397,000
Columbia University	195,000
Cornell University	3,448,128
State University of New York, Albany	906,450
State University of New York, Buffalo	50,000
State University of New York, Stony Brook	417,000
University of Rochester	281,700
Rebecca W. Doerge	80,000
Tama C. Fox	80,000
Lawrence J. Zwiebel	80,000
Gernot G. Presting	80,000

State/Recipient -----	Fiscal Year 1994 Actual -----
NORTH CAROLINA	
Bowman Gray School of Medicine of Wake Forest University	102,000
North Carolina State University	3,106,073
University of North Carolina, Chapel Hill	100,000
University of North Carolina, Charlotte	50,000
University of North Carolina, Greensboro	24,319
Western Carolina University	90,000
Duke University	562,136
NORTH DAKOTA	
North Dakota State University	868,725
University of North Dakota	110,000
OHIO	
Bowling Green State University	94,187
Case Western Reserve University	250,000
Miami University	92,644
Ohio State University Research Foundation	974,582
Ohio University	219,000
University of Cincinnati	130,000
OKLAHOMA	
Oklahoma State University	812,695
University of Oklahoma	160,000
University of Tulsa	43,715
OREGON	
Oregon State University	2,103,430
University of Oregon	120,000
USDA, Forest Service, Portland	400,000
PENNSYLVANIA	
Bloomsburg University	57,900
Bucknell University	50,000
Duquesne University	90,000
Pennsylvania State University	1,928,637
Thomas Jefferson University	160,000
University of Pennsylvania	150,000
USDA, ARS	220,000
PUERTO RICO	
University of Puerto Rico	130,000
RHODE ISLAND	
University of Rhode Island	664,256
Karen M. Warner	80,000
SOUTH CAROLINA	
Clemson University	384,977
University of South Carolina	340,885
SOUTH DAKOTA	
South Dakota State University	437,230
TENNESSEE	
East Tennessee State University	17,945
Memphis State University	80,400
Vanderbilt University	275,264
University of Tennessee, Knoxville	959,056
University of Tennessee, Chattanooga	34,017
James R. Strickland	80,000
TEXAS	
Baylor College of Medicine	367,000
Southern Methodist University	70,000
Southwest Texas State University	7,500
Texas A&M Research Foundation	3,241,595
Texas A&M University, Kingsville	101,791
Texas Tech University	122,000
University of Texas, Austin	467,000

State/Recipient -----	Fiscal Year 1994 Actual -----
TEXAS (continued)	
University of Texas Medical, Galveston	130,000
University of Texas Health Center, Houston	90,000
University of North Texas	90,000
Jeffrey E. Herrick	66,500
Andrew J. Wood	73,700
USDA, ARS	226,900
UTAH	
University of Utah	180,000
Utah State University	350,000
VERMONT	
University of Vermont	121,070
VIRGINIA	
Old Dominion University	176,705
James Madison University	49,673
Virginia Polytechnic Institute & State University	1,157,119
WASHINGTON	
Children's Hospital & Medical Center	130,754
University of Washington	1,797,200
Washington State University	2,757,600
Thomas J. Savage	80,000
WEST VIRGINIA	
West Virginia University	197,001
WISCONSIN	
Marquette University	90,000
University of Wisconsin, Madison	4,242,517
University of Wisconsin, Oshkosh	100,000
University of Wisconsin, Parkside	140,000
USDA, Forest Service, Madison	365,179
Stan T. Lebow	79,728
WYOMING	
University of Wyoming	571,853
Total	96,631,441
Federal administration (4%)	4,122,840
Small Business Act	1,484,222
Biotechnology Risk Assessment	357,121
Peer Panel Costs	475,376
Total	103,071,000
	=====

Table 6
National Needs Graduate Fellowship Grants
Proposals Submitted Grants Awarded in Fiscal Year 1994
(In dollars)

	Proposals Submitted		Grants Awarded	
	Proposals Received	Funds Requested	Proposals Funded	Funds Awarded
Biotechnology				
Animal	33	\$6,804,000	9	\$1,134,000
Food Science	17	3,294,000	5	594,000
Food Science and Human Nutrition	4	648,000	-	-
Human Nutrition	21	3,726,000	5	540,000
Marketing or Management	22	4,050,000	11	1,090,979
Water Science (a)	1	25,480	1	25,480
	98	344 18,547,480	31	64 3,384,459
		=====		=====

(a) Completion of funding for a partial fellowship awarded in FY 1993.

Table 7
National Needs Graduate Fellowship Grants
Fiscal Year 1994 Recipients
(In dollars)

Area/Recipient -----	Fiscal Year 1994 Actual -----
BIOTECHNOLOGY - ANIMAL	
University of California, Davis	\$162,000
Colorado State University	162,000
Michigan State University	108,000
University of Minnesota	108,000
University of Missouri	162,000
Oregon State University	108,000
Washington State University	216,000
University of Wisconsin	108,000
FOOD SCIENCE	
Purdue University	162,000
University of Massachusetts	108,000
University of Minnesota	108,000
University of Nebraska	108,000
University of Wisconsin	108,000
HUMAN NUTRITION	
University of California, Berkeley	108,000
University of California, Davis	108,000
University of Chicago	108,000
Tufts University	108,000
University of Wisconsin	108,000
MARKETING OR MANAGEMENT	
University of California, Davis	54,000
University of Illinois	108,000
Purdue University	162,000
Michigan State University	108,000
University of Minnesota	108,000
University of Nebraska	108,000
North Carolina State University	54,000
Oklahoma State University	10,979
Pennsylvania State University	162,000
Virginia Polytechnic Institute & State Univ..	108,000
Washington State University	108,000
WATER SCIENCE	
North Carolina State University (a)	25,480
Subtotal	3,384,459
Federal administration (3%)	105,000
Peer Panel Costs	10,541
Total	3,500,000
	=====

(a) Completion of funding for a partial fellowship awarded
in FY 1993.

Table 8
Competitive Challenge Grants
Fiscal Year 1994 Recipients
(In dollars)

Recipient -----	Fiscal Year 1994 Actual -----
University of Arizona	\$59,735
University of California	39,792
University of Florida	130,000
University of Georgia	62,620
Iowa State University	130,000
Purdue University	67,585
Kansas State University	79,479
University of Minnesota	71,962
University of Nebraska	110,452
North Carolina State University	40,000
The Ohio State University	66,143
Oklahoma State University	76,000
Oregon State University	43,842
Pennsylvania State University	66,484
University of Tennessee	75,992
Texas A&M University	130,000
The University of Vermont	48,385
Virginia Polytechnic Institute & State Univ..	72,000
University of Wisconsin	71,605
Subtotal	----- 1,442,076
Federal administration (3%)	45,000
Peer Panel Costs	12,924
Total	----- 1,500,000 =====

Table 9
1890 Institution Capacity Building Grants
Fiscal Year 1994 Recipients
(In dollars)

Category/Recipient -----	Fiscal Year 1994 Actual -----
 Research Capacity Building Grants -----	
Alabama A&M University	\$443,214
Tuskegee University, Alabama	737,039
University of Arkansas-Pine Bluff	106,040
Fort Valley State College	250,529
Kentucky State University	734,403
Southern University	464,408
Lincoln University	275,732
North Carolina A&T University	300,786
South Carolina State College	296,715
Tennessee State University	251,956
Prairie View A&M University	550,057
Virginia State University	313,863

Subtotal, Research Grants	4,724,742
 Teaching Capacity Building Grants -----	
Alabama A&M University	\$401,920
Tuskegee University, Alabama	217,441
University of Arkansas-Pine Bluff	385,899
Delaware State College	347,948
Florida A&M University	225,000
Kentucky State University	138,339
Southern University	357,371
University of Maryland, Eastern Shore	202,491
Lincoln University	678,748
North Carolina A&T University	339,536
South Carolina State College	603,081
Tennessee State University	400,020
Prairie View A&M University	180,000
Virginia State University	320,671

Subtotal, Teaching Grants	4,798,465
Federal Administration (3%)	297,510
Small Business Act	72,153
Biotechnology Risk Assessment	2,540
Peer Panel Costs	21,590

Total	9,917,000 =====

Table 10
HIGHER EDUCATION MULTICULTURAL SCHOLARS
PROGRAM
Fiscal Year 1995 Recipients
(In dollars)

Recipient -----	Fiscal Year 1995 Actual -----
Alabama A&M University	40,000
Auburn University	40,000
Tuskegee University, Alabama	80,000
University of Arizona	40,000
California State University, Fresno	60,000
San Francisco State University, California ..	60,000
Colorado State University	80,000
Florida A&M University	40,000
Florida State University	50,000
University of Hawaii	60,000
University of Idaho	60,000
University of Illinois	74,160
Purdue University	40,000
University of Maryland, Eastern Shore	80,000
Michigan State University	40,000
University of Missouri	60,000
Rutgers University, New Jersey	40,000
New Mexico State University	60,000
Cornell University	100,000
State University of New York	40,000
North Carolina State University	100,000
University of North Carolina, Greensboro	80,000
Ohio State University	100,000
Oklahoma State University	40,000
Oregon State University	40,000
Pennsylvania State University	40,000
South Dakota State University	60,000
University of Tennessee	100,000
Texas A&M University	80,000
University of Vermont	60,000
Virginia Polytechnic Institute & State Univ..	40,000
University of Wyoming	40,000
Subtotal	1,924,160
Federal administration (3%)	60,000
Peer Panel Costs	15,840
Total	2,000,000 (a) =====

(a) Includes \$1,000,000 in funds carried forward from fiscal year 1994.

Number of proposals	81
Amount requested	\$7,179,675
Number of scholarships requested	389
Number of awards	37
Number of scholarships supported	102

COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE

RESEARCH AND EDUCATION

STATUS OF PROGRAM

Current activities, progress, and current programs under the research and education appropriation items are outlined below:

PAYMENTS UNDER THE HATCH ACT

The Hatch research program at the State Agricultural Experiment Stations is designed to promote efficient production, marketing, distribution, and utilization of crops and livestock essential to the food supply, health and welfare of the American people while conserving resources and improving rural living conditions. Equally important, students are provided training opportunities to assist in scientific research projects conducted at the State Agricultural Experiment Stations.

The following describes current activities and selected examples of accomplishments supported under this appropriation item.

CURRENT ACTIVITIES

Hatch Act funds support the following types of research.

-- Forest and Natural Resources - Fourteen percent of total Hatch research funds are allocated to this program. Areas of research include forestry, soil and land use, water and watersheds, outdoor recreation, environmental quality, fish and wildlife, and remote sensing. Forestry related research under the Hatch Act is closely coordinated with the McIntire-Stennis Cooperative Forestry Research program which has similar research objectives. The Hatch forestry research program is characterized by a high degree of multi-institutional or regional projects.

-- Crop Resources - This program receives forty-one percent of total Hatch funds for research. Included in this research are crop protection and production systems for dependable and efficient production, quality improvement, quality maintenance, product development, and related commodity aspects of crops marketing.

-- Animal Resources - Twenty-six percent of total Hatch funds are allocated to this research program. Areas of research include protection, production, and management of beef and dairy cattle, swine, sheep, other animals, poultry, and aquaculture. Also included are quality improvement, product development, and related commodity aspects of marketing.

-- People, Communities, and Institutions (Including Rural Development) - This program receives four percent of total Hatch funds for research. Included in this area are individuals and families, living environment, communities, institutions, and services.

-- Competition, Trade, Adjustment, Price and Income Policy - Six percent of total Hatch funds for research are allocated to this program. This research addresses farm adjustments, prices and income, economic aspects of marketing, and competition.

-- Food Science and Human Nutrition - This program receives five percent of total Hatch funds for research. Research areas include human nutrition, food processing, food safety, food service and storage, distribution, and marketing.

SELECTED EXAMPLES OF RECENT PROGRESS

Development of Supercritical Fluid Extrusion Process. Researchers at Cornell University in New York state have developed and patented a supercritical fluid extrusion process for manufacturing new generation value-added breakfast cereals, baked goods, snack foods, pasta, pet foods, and other products. Supercritical fluid extrusion is a hybrid process, combining aspects of conventional extrusion cooking and supercritical fluids (e.g., carbon dioxide above 31°C and 1100psig), which offers advantages in flavor, texture, product morphology, and nutritional attributes over conventional extrusion processing. The process has been licensed to two major U.S. food processors and is currently being evaluated by others. A major equipment manufacturer is evaluating possible equipment redesign to take advantage of this new technology. A second patent related to the process and covering the areas of coextrusion, starch hydrolysis and continuous bread making has been approved and should be issued shortly.

Toxin Detection in Grain Crops. Researchers at Michigan State University have developed kits that use genetically engineered antibodies to test for mold toxins in grain crops. The kits are being used at grain elevators and by food companies to verify the absence of toxins in corn, wheat and other grains for buyers; they have also been approved by USDA for field testing. The kits currently contain single tests that focus on detecting one type of contaminant, i.e. vomitoxin, in a crop. New tests are being developed that would allow detection of up to 10 different toxins and could be interfaced to computers to analyze the data very quickly. At this time, the test kit is the only viable, rapid test for vomitoxin.

Rural Development. The changing employment structure in rural people and places is of concern to regional economies and rural policy in general. One major theme in employment structure has been the increase in generally lower paid service sector jobs at the expense of generally higher paid manufacturing jobs in rural areas. However, adding to the complexity, studies in Washington and Pennsylvania indicate that even the service jobs created in rural areas do not all contribute to the local economy. The service sector output is exported in general from nonmetro to metro markets. In addition, the Pennsylvania study indicated that high tech rural service establishments have a stronger orientation to metro markets than other types of service establishments. Thus, while high tech and other service jobs may generate local income, they do not add to the dynamics of the local economy to the extent often assumed.

Regardless of sector, small business development and entrepreneurship are important sources of jobs in rural communities. Research in Ohio determined that small firms would yield a greater increase in employment and income than large firms, as long as the exporting from the local economy did not favor either the large or small firms. Small firms pay lower wages but purchase a higher proportion of their inputs locally. New York and Pennsylvania studies also found similar and corroborating input linkages and in addition, discovered that there were no important differences between rural and urban firms with respect to innovation, use of high-technology processing, and performance of custom work. That is, the rural firms were highly competitive on these dimensions.

Mapping the Genomes of Livestock Species. Sixteen Agriculture Experiment Stations (Alabama, Arizona, California, Georgia, Illinois, Indiana, Kansas, Massachusetts, Michigan, Minnesota, Missouri, Ohio, Oklahoma, Texas, Utah, and Wisconsin), four ARS Laboratories (Iowa, Maryland, Nebraska and Michigan), and two other universities (Northeastern Massachusetts and Tuskegee, Alabama) are cooperating in Regional Research Project NRSP-8 to map the genomes of cattle, poultry, sheep and swine. Hundreds of polymorphic loci have been identified and located on the chromosomes of each species. Additional loci are being located on the chromosomes at a rapid rate and the specific effects of many of these genes have been determined. For example, research in Utah has determined the location of the callipyge gene in sheep that results in heavy muscling.

Researchers in Iowa have identified a major gene in swine that increases litter size by 1.5 pigs, and research continues to determine its location on the chromosome. Animal genome research will result in healthier animals that will produce higher quality animal products more efficiently. Farmers and consumers will benefit from more efficient livestock and poultry production systems that yield more nutritious and higher quality animal products.

Use of Agricultural Byproducts as Animal Feeds. Forages, roughages, and fibrous byproducts may be fed to ruminant animals for conversion to highly nutritious human foods such as meat, milk, and other useful products. However, the poor digestible and metabolizable energy content of lignocellulosics has been identified as a major obstacle to use of many agricultural byproducts as animal feeds. Scientists at the University of Illinois have shown that the pretreatment of byproducts containing lignocellulosics with alkaline hydrogen peroxide enhances their digestion and utilization as a feedstuff. Animals fed these treated materials ingested large amounts of feed and exhibited excellent rates of gain, feed efficiency and milk production. Thus, alkaline hydrogen peroxide-treated lignocellulosics may be incorporated into ruminant diets at high levels and used as a major energy source.

Regulation of Lactation and Growth by Photoperiod. A high milk yield is most important economic variable influencing the profitability of commercial milk production. Studies in Michigan have shown that lactating dairy cows exposed to increased daylight length from 8 to 16 hours by artificial lighting have daily increases in milk yield of 6-10 percent. In heifer trials involving a similar increase in artificial lighting, benefits included a higher live weight gain, an improved feed conversion efficiency, and greater mammary gland development in both pre- and post-pubertal dairy heifers. These photoperiod effects of supplemental lighting appear to be mediated by the pineal body in the brain. Prolactin and melatonin are believed to be the hormones most directly involved with these improvements in growth and lactational efficiency. The increase in net profits to the dairyman through the use of supplemental lighting has been calculated at more than \$50 per cow per year.

Sinew Incorporation in Low-Fat Beef Products. Consumers want cost competitive, tasty, low-fat meat and meat products, but low-fat beef is frequently evaluated by taste tests as dry and tough. Research by Kansas State University scientists has shown that mechanical desinewing is feasible in low-cost beef cuts and that ground sinew, which is high in protein, can be reincorporated into low-fat meat systems as a "natural" ingredient, improving product quality and palatability. The sinew, by binding meat juices during cooking, can enhance product juiciness, flavor and tenderness. Both consumers and processors can benefit from this technology for value-added processing.

Virginia Polytechnic Institute and State University (VPI) Virologists Make Further Inroads on the Molecular Biology of Soybean Mosaic Virus. A team of plant virologists at VPI has described a second dominant gene for resistance to soybean mosaic virus (SMV), an important disease affecting soybeans throughout Virginia. State-of-the-art molecular techniques were used to locate the gene, leading to development of a tissue-blot immunoassay as a rapid and sensitive test for SMV in segregating field populations of soybean germplasm used in the breeding program. This assay, modified to detect SMV in imprints of whole leaves, promises significant shortening of the time needed for development of new, improved soybean varieties.

Washington State University Biochemists Make Further Progress in Understanding How Plants Defend Themselves Against Pests and Pathogens. Significant progress was made at Washington State University to decode the steps that plants take to protect themselves from attack by pests and pathogens. These natural defense mechanisms, biochemically analyzed in potato and tomato, rely on potent enzymes (proteinases) that inhibit the attack. The genes that code for the proteinases are induced by the wounding of plant tissues and by exposure of the plants to low levels of UV light.

Through this research the specific biochemical sites of inhibition are now known. Further work is planned to understand how UV light activates the genes for defense.

University of Idaho Research Sets the Stage for Large-Scale Field Testing of Biocontrol Agents. Scientists at the University of Idaho have developed new biocontrol agent formulations in preparations to test their effectiveness in controlling fungal root rots of cotton, pea, potato, and onion. Pursuit of the field development of these Actinomycete strains is critical because, while many of these agents have been studied for many decades, only a few have been successfully commercialized and then widely used by American agriculture. Presently the uses of a variety of chemical pesticides are being significantly reduced in the U.S. while the number of alternatives to some of these chemicals, particularly fungicides, are few. This research is focused on the future availability of "environmentally benign" products to replace or supplement the use of chemical fungicides.

Poultry Litter Added to Cotton Soils Suppresses Cotton Root Knot. University of Georgia nematologists studied the addition of poultry litter to field soils under controlled conditions, as a possible alternative control of the cotton root knot nematode. The test soils were assayed for soil-inhabiting bacteria, fungi, and nematodes. The numbers of root knot nematode eggs at harvest decreased linearly, and soil bacterial counts increased, as litter incorporation rates increased. In addition, cotton boll weight increased, as litter rate and bacterial numbers increased. The effects of the bacteria are being investigated. The recycling of such waste products as soil amendments, therefore, have potential as environmentally-sound pest control strategies for sustainable agriculture.

Cornell Plant Pathologists Test New Bacterial Strain as a Biocontrol Agent for Tomato Early Blight. A team of pathologists at Cornell University, New York has discovered that a strain of bacteria living on plant leaf surfaces produces substances that inhibit several plant disease-causing fungi and bacteria. Growth chamber studies showed that application of suspensions of the antibiotic-producing strain of the bacterium Erwinia herbicola suppressed early blight of tomato. This strain and its antibiotic have potential as biocontrol agents for early blight and possibly other plant diseases.

Wheat Genetics Research. SAES scientists working in the Wheat Genetics Resource Center at Kansas State University are developing improved wheat germplasm for use by public, private and international organizations in breeding superior wheat cultivars. Twenty-one germplasm releases with resistance to the major disease and insect pests of wheat have come from the program since it began, more than half in 3 years. Basic genetic research and genome mapping is opening the way to movement of desirable genes from exotic relatives of wheat.

Aquaculture Research. Departments, Schools and Colleges of Forestry, Fisheries, and Wildlife or Natural Resources have active programs in aquaculture. For example, the early detection of stressors, such as contaminants and disease in the fish population, can result in considerable financial loss to this emerging industry. Early detection of stressors can translate into savings in millions of dollars according to researchers at the University of Georgia, School of Forest Resources. They have developed and are continuing to work on sensitive techniques (biomarkers) to assess fish health. University of Tennessee fish biologists are examining sources of urban stream stressors in the form of siltation, leaking sewer and septic systems, unregulated point source effluents, thermal discharges from urban asphalt or concrete surfaces, and the lack of streamside vegetation. The researchers are looking at appropriate restoration means. Purdue University in Indiana scientists have developed diets for fish such as optimum amino acid and canola or soybean-derived protein requirements for hybrid striped bass. Such research efforts have increased the quantity of striped bass grown and sold in Indiana tenfold to 500,000 pounds at a wholesale price of \$2.40 per pound. At Oregon State University of Forest Resources, researchers have developed a

system to rear striped bass indoors. Cultured fish may be confined, effectively allowing ecologically-sensitive wetlands to remain in their natural state. Waste can be treated, eliminating discharging pollutants into streams.

COOPERATIVE FORESTRY RESEARCH

The Cooperative Forestry Research (McIntire-Stennis) program provides knowledge essential to the efficient and effective use of the Nation's forest resources. Timber production, forest land management, wood utilization, and the associated development of new products and distribution systems are the key elements of forestry research. This research also deals with the other forest products -- wildlife, recreation, water, range, and environmental quality -- whose production, management, and distribution are an inextricable part of the long term productivity and profitability of the integrated system of forest resources.

In addition, the Cooperative Forestry program has the objective of helping to create and maintain a highly qualified cadre of forest scientists through their direct involvement in the research projects as a part of their graduate education. These young men and women, educated in the sciences fundamental to forestry, will ultimately help to maintain the well-being of the United States through service in private industry, in various levels of government, and in academic institutions as managers and scientists.

Following is a description of some of the major activities of the program and selected examples of accomplishment supported under this appropriation item.

CURRENT ACTIVITIES

The following research program activities indicate the range of research funded under this Act:

Forestry research is broadly inclusive and thus deals with many of the current concerns of the Nation. Several areas that have long been important in forestry research include acid rain, global climate change, recreation, wetlands, reforestation, and carbon dioxide concentration in the atmosphere.

Increasing the profitability of the forest resource base through effective management of the forest resource is being vigorously pursued.

Biotechnology in forestry promises to enhance the benefits from modified trees due to faster growth rates, improved wood characteristics for various uses, and greater freedom from losses due to insects and diseases. The latter achievement would reduce the need to use chemicals to control these forest pests, thus benefiting the environment.

The advent of high capacity microcomputers has made possible several developments in information management such as: expert systems, data base manipulations, and map and image processing. Forestry research is combining these new tools for improved management capability for production of the multiple outputs of forests.

Water quality and quantity is a major aspect of forest management which is becoming more essential as our population grows. Forests cover one-third of the nation's land and are initial recipients of an even larger portion of the precipitation received. Research to improve water yield from forested watersheds is a major thrust.

Forest wildlife research is providing essential information for science-based wildlife management. This research is also the basis for forest managers to understand and deal with the impacts of wildlife on the forest, as well as to know the effects of forestry practices on wildlife species associated with forests.

Changes in the agricultural economy make it imperative that research efforts focus on enhancing productivity and conserving resources. Research programs are seeking to develop knowledge and techniques which will facilitate wise choices in the utilization of the nation's forest resources.

SELECTED EXAMPLES OF RECENT PROGRESS

Agroforestry. Agroforestry, a program to encourage a transition from intensive crop production to a permanent forestry practice, is being studied at several Cooperative Forest Research (McIntire-Stennis) institutions. In agroforestry, rows of tree seedlings are planted 30 to 100 feet apart. The land between these rows of trees (alleyways) is cultivated for forage or other agronomic crops. As the trees grow, these crops become more shaded by the tree canopy. Several programs are being conducted at universities in the Plains States with the intent of demonstrating the feasibility of agroforestry on Conservation Reserve Program (CRP) land. These acres, which are classified highly erodible in order to qualify for the CRP, will be costly to bring back to crop production. In many cases, costs have been determined to be higher than the value of the land. Agroforestry programs have been examining the concept for as long as 18 years. Work at the University of Missouri School of Natural Resources shows as much as a 30 percent increase in yield of cool season forage grasses grown in alleyways. In some cases, these grasses were up to 10 percent more digestible by animals. Such crops, i.e., forage, ornamentals, Christmas trees, and row crops, provide income prior to that derived from the tree crop. Nut trees, such as black walnut or pecan, are prime candidates for agroforestry, yielding not only a nut crop but also valuable sawtimber and veneer stock. Agroforestry practiced in riparian areas provides additional benefits. Results of studies in forestry units at Oklahoma State University, Kansas State University, South Dakota State University, the University of Nebraska, and Iowa State University show water quality gains, lower stream temperature, interception of fertilizers and other chemicals applied to farm fields, increased wildlife habitat, wildlife corridors, diversified ecosystems, and reduced sediment in streams as additional non-commodity benefits of agroforestry. Commodity benefits include posts, poles, rough lumber, and fuel. Value estimates are around \$700 per acre of trees. Colorado State University researchers have examined approaches to develop economically efficient agroforestry systems for small-scale farms and ranches.

Forest Ecology. Forests are complex ecosystems. The management of these ecosystems becomes a practice of working with variation. Societal demands also vary. Thus, those who research the forests have specific objectives that change with each variation and demand placed by society. Revegetation of hardwood forests after clearcuts of 0.2 to 0.8 hectare (ha) were studied by West Virginia University silviculturists. There was no difference in seedling diversity for all size clearcuts. Seedling height was significantly taller and percent browse was lower in the 0.8 ha clearcut. White-tailed deer and small mammal use was unaffected by clearcut size. Additional work in revegetation and forest constitution is being done at Purdue University in Indiana, Ohio State University, the University of Illinois, Michigan Technology University, and the University of Michigan. Forest composition is important. Studies in the establishment and growth of the commercial species important to global commerce are providing answers to species diversity. Old-growth forests, an issue, are being inventoried throughout the central hardwood region to determine their unique character in order that answers may be forth coming to societal concerns regarding forest management. Similar studies are being conducted in each of the forest regions. The universities associated with the McIntire-Stennis program have the ability to respond to science-based policy issues, as is being demonstrated by the wide ranging projects.

EVANS-ALLEN PROGRAM, 1890 COLLEGES AND TUSKEGEE UNIVERSITY

The Evans-Allen formula-funded research program for the 1890 Colleges and Tuskegee University was established in the Food and Agriculture Act of 1977, as amended. Section 1445 of P.L. 95-113 authorized annual appropriations to support continuing agricultural research at the 1890 Colleges and Tuskegee University and funds were appropriated beginning in FY 1979. This program indirectly supports development of agricultural expertise by providing training opportunities for students to assist in the research projects being conducted by scientists at these institutions.

The following is a description of current activities and selected examples of accomplishments supported under this appropriation item.

CURRENT ACTIVITIES

The annual research program at the 1890 Colleges and Tuskegee University places emphasis on small-scale agriculture, human nutrition, rural development and quality of living, crop resources, and animal resources.

Small-Scale Agriculture. Research on farm systems for small scale producers must be totally integrated into a comprehensive plan responsive to total needs of a particular farm enterprise system coupling production, utilization, and marketing of the farm commodity. In order to increase agricultural incomes from small farm units, total comprehensive research plans have been developed that consider all aspects of cost and management efficiencies in production, utilization, and marketing and then integrate these separate factors into a comprehensive program package.

Human Nutrition. Human nutrition research provides fundamental knowledge about the relationship of food eaten by people to their physical and mental status and development and the levels of well-being maintained during their life span. Research has also been conducted on human requirements for nutrients.

Rural Development and Quality of Living. Research on income improvement in rural communities identifies ways by which depressed areas can attain full economic potential. Only by providing adequate income opportunities can these communities retain more of their young people and finance the kind of public and private facilities and services that make them attractive places to live.

Crop Resources. Breeding, selection, and use of crops is a major concern of scientists. This includes development of drought, insect, and disease resistant cultivars. Evaluation of the efforts of crops to be grown on soils not suitable for commonly grown crops because of pathogens, nematodes, and insects are being undertaken. Studies are being conducted on the mechanisms of both natural and artificial regulators that are known to influence plant growth and development.

Animal Resources. Studies are being conducted on disease, parasites, and other health hazards that are major causes of reduced productivity in food animals. Research objectives are aimed at the development of technology for prevention, treatment, and control of these problems. Research of sufficient concentration is being undertaken to elucidate the cellular mechanisms that govern protein and fat synthesis in farm animals. Investigations of genetic, nutrition, and endocrinological factors provide needed information on biomechanisms.

SELECTED EXAMPLES OF RECENT PROGRESS

A Vitamin-Rich Sweetpotato Drink. One health concern prevalent in the United States today is the incidence of cancer. Scientists have suggested that the antioxidant properties of vitamins A, C and

E are vital in combating this disease. Provitamin A or beta-carotene has been reported as having anti-cancer, anti-aging and anti-ulcer properties. Therefore, it is important that beta-carotene-rich foods such as dark, leafy and deep yellow fruits and vegetables be part of the diet. The sweetpotato can be such a vegetable, since yellow-to-deep-orange-flesh roots are excellent sources of beta-carotene. Preliminary work by the Nutrition and Food Group of the Tuskegee University, Alabama showed that a sweetpotato-based beverage was very nutritious because of its beta-carotene and was highly acceptable to panelists. For its health benefits, it is hoped that a sweetpotato-based beverage will have strong possibilities for marketing in the future.

Small Farm Profitability, Risk, and Diversification. Farm risk (from price, output, credit, nature); low profitability; imperfect market information flows; and sub-optimal marketing strategies, diversification, and planning are key factors that threaten the survival of small farms. To understand these problems and to facilitate efficient farming, and thereby improve the welfare of the farm family, a South Carolina State University study focused on two mathematical programming procedures. Results based on the market selection model and the Target model have identified efficient farming strategies that may be used by well-educated farmers directly (if they have computers) or used by extension agents to advise and educate limited-resource farmers. They could also be used as teaching aids in agribusiness classes. The models may be modified for other farm products or run with current prices and model parameters to make them current. Coping optimally with change is a sure sign of survival for small farms.

Prevalence of Lactose Maldigestion Influence and Interaction of Age, Race, and Sex. Scientists at Alabama A&M University conducted a study on ninety-eight adults ranging from 20 to 89 years in age (52 blacks, 46 whites; 48 males, 50 females). They were tested for lactose maldigestion by breath hydrogen analysis after consuming milk containing 16.5 g lactose (360 ml milk). Older adults (≥ 50 years) displayed a significantly higher incidence (46%) of lactose maldigestion than younger adults (< 50 years, 26%). In younger adults there were 2.4 times more maldigesters in blacks than in whites, while in older groups this ratio was 3.6. Level of breath hydrogen significantly increased with age up to the age group of 60-69 years. The interaction between age groups and race was highly significant. Of the maldigesters, 63% reported symptoms and 3% of the total reported severe symptoms. Results of this study indicate that the prevalence of lactose maldigestion significantly increases with age in blacks compared to whites and that the magnitude of the problem may be greater in black maldigesters than in white maldigesters.

ANIMAL HEALTH AND DISEASE RESEARCH

The Animal Health and Disease Research (Section 1433, Public Law 95-113, as amended) formula program is dedicated to improving the health and productivity of animals and the welfare of producers and consumers of animal products; protecting human health through control of animal diseases transmissible to humans; minimizing livestock and poultry losses due to transportation and handling; and facilitating the effective treatment and prevention of animal diseases.

The following is a description of current activities and selected examples of accomplishments supported under this appropriation item.

CURRENT ACTIVITIES

Funds for this program have been appropriated since FY 1979. Institutions receiving FY 1994 funds include 38 State Agricultural Experiment Stations and 17 Colleges of Veterinary Medicine qualifying individually. Additionally, at 13 other universities the Station and Veterinary College qualified as combined institutions. Legislative amendments contained in Public Law 97-98, provide that an "eligible institution" for Animal Health and Disease Research funds "means an

accredited school or college of veterinary medicine or a State Agricultural Experiment Station that conducts animal health and disease research."

Recommendations of the Animal Health Science Research Advisory Board are being followed in program implementation (i.e., scope and priorities of eligible research, determination of research capacity of eligible institutions and other questions on program administration). In accordance with advice from the Board, emphasis in this research centers on the solution of high priority diseases or other animal hazards in the production of livestock, poultry, and aquaculture species.

State Comprehensive Plans for animal health research, approved by CSREES, are being followed by the eligible institutions within each State. These plans include the major areas of animal health research to be conducted by the institutions. Provisions of Section 1433 permit selection of studies within each State based on highest priority needs and capabilities of the institutions to conduct the needed research.

SELECTED EXAMPLES OF RECENT PROGRESS

Vaccine Developed to Control Escherichia coli Mastitis in Dairy Cattle. Coliform mastitis is one of the more severe forms of mammary gland disease in dairy cattle. This form of mastitis leads to a loss in milk production, dysfunctional glands and sometimes death of the cows. University of California-Davis researchers have developed a unique, effective Escherichia coli vaccine (J-5 vaccine). This vaccine, now produced by two commercial companies, saves California dairymen \$11 million annually. Recently, the use of the vaccine has been adopted nationally.

Bovine Respiratory Disease Complex. At Oklahoma State University and among collaborating universities in the North Central Regional Research Project NC-107, information has been developed on virulence factors and potential protective subunit antigens of Pasteurella haemolytica. Scientists have determined that resistance to pneumonic pasteurellosis can be induced by P. haemolytica subunit preparations to enhance serotype-specific resistance to infections. This research is leading to significant progress towards the prevention of losses due to bovine respiratory disease complex, a major disease associated with the cattle industry.

Infectious Bronchitis of Chickens. Scientists at several universities are developing research strategies to eliminate occurrences of infectious bronchitis from poultry production units. At Texas A&M University scientists have used biotechnology to identify consensus sequences and hot spots for recombination in infectious bronchitis virus of chickens. Also at Cornell University, New York and the University of Georgia, improved methods for diagnosis of infectious bronchitis has resulted in annual savings of \$2 million for the Georgia poultry industry alone.

1890 INSTITUTION CAPACITY BUILDING GRANTS (FEDERAL ADMINISTRATION - DIRECT APPROPRIATION)

CURRENT ACTIVITIES

The 1890 Institution Capacity Building Grants Program, begun in FY 1990, serves as the crux of the Department of Agriculture's high priority initiative to advance the teaching and research capacity of the 1890 Land-Grant Institutions and Tuskegee University. It reflects USDA's commitment to encouraging more minorities to prepare for careers as food and agricultural scientists and professionals. The program is competitive in nature and provides support for teaching and research projects in targeted high priority areas. Matching support from non-Federal sources has been encouraged and the 1890 institutions have demonstrated an ability to attract matching funds. The program also requires cooperation with one or more USDA agencies in

developing a proposal and carrying out a project thereby strengthening departmental partnerships and linkages with these important historically black institutions.

SELECTED EXAMPLES OF RECENT PROGRESS

In FY 1994, \$9.917 million were appropriated for the Capacity Building Grants Program. Of this amount, approximately \$4.8 million were allocated to support teaching projects and about \$4.7 million were allocated to research projects. Targeted need areas for teaching projects included curricula design and materials development, faculty preparation and enhancement, instruction delivery systems, student experiential learning, instrumentation for teaching, and student recruitment and retention within the fields of agriculture, natural resources, forestry, veterinary medicine, home economics, and closely allied disciplines. Research areas included studies and experimentation in the food and agricultural sciences, establishment of centralized research support systems, and development of improved technology delivery systems for producers and consumers concerned with the food and agricultural system.

In FY 1994, 46 grants were awarded competitively. The following reflects the number of proposals submitted and grants awarded.

	<u>Proposals Submitted</u>		<u>Grants Awarded</u>	
	<u>Proposals Received</u>	<u>Dollars Requested</u>	<u>Grants Awarded</u>	<u>Dollars Awarded</u>
Research Grants	123	\$35,617,489	19	\$4,724,742
Teaching Grants	<u>58</u>	<u>11,957,401</u>	<u>27</u>	<u>4,798,465</u>
TOTAL	181	47,574,890	46	9,523,207

With the support of the Capacity Building Program, Florida A&M University continues to strengthen its biotechnology program through acquisition of state-of-the-art equipment for a core laboratory facility for use by agriculture, biology, chemistry, and pharmacy students. A coalition of three institutions -- Virginia State University, Delaware State University, and the Virginia Polytechnic Institute and State University -- are providing professional enhancement programs through the development and dissemination of environmental infusion materials to faculty teaching science and mathematics courses. Researchers at Tuskegee University are using DNA fingerprinting techniques to study the genetic diversity of peanut germplasm both to assist breeders in producing a better crop and to provide students with training in molecular genetics research. Prairie View A&M University, Texas is conducting research on improving food safety through the examination of new techniques to eliminate Salmonella and E. coli bacteria from chicken carcasses. These are just a few examples of how the program is advancing the quality of teaching and research at the 1890 Institutions.

SPECIAL RESEARCH GRANTS

The Special Research Grants program concentrates on problems of national and local interest beyond the normal emphasis in the formula programs. The objectives of this program are to facilitate or expand promising breakthroughs in areas of food and agricultural sciences of importance to the Nation and to facilitate or expand ongoing State-Federal food and agricultural research programs.

Following is a description of current activities and selected examples of accomplishments supported under this appropriation item.

CURRENT ACTIVITIES

In FY 1995 under the Special Research Grants program, grants will be awarded to the headquarters and four regional leader laboratories (New York, Michigan, Florida, and California) to continue the pesticide clearance and minor use animal drugs research programs. Regional/National impact grants will also be awarded in a number of other areas including water quality, global change, integrated pest management, pesticide impact assessment, rural development, and the National Biological Impact Assessment Program.

In FY 1994, selected Special Research Grants were awarded competitively. Listed below are details on the number of proposals submitted and grants awarded.

<u>Specific Area of Inquiry</u>	<u>Number of Proposals Submitted</u>	<u>Amount Requested</u>	<u>Number of Grants/ Agreements Awarded</u>	<u>Amount of Awards</u>
P.L. 89-106:				
Aquaculture	19	\$2,386,203	4	\$274,856
Energy Biomass/Biofuels	22	3,537,972	6	443,726
Integr. Pest Mgmt.	51	3,331,728	50	2,864,394
Water Quality	112	34,571,521	10	3,441,204
P.L. 97-98:				
Rangeland	31	2,147,679	8	453,839

SELECTED EXAMPLES OF RECENT PROGRESS

Global Change. The UV-B monitoring network is making steady progress. All of the broadband instruments have been purchased and tested for service in the interim period until the research caliber instruments have been built and passed their performance tests. There are ten operating sites with broadband instruments. They are located at California, Colorado, Georgia, Illinois, Maine, Michigan, New Mexico, New York, Ohio, and Washington. Data from these instruments are being collected and will be available at the end of 1994 to U.S. Scientists and international scientists through the World Meteorology Organization. However, some of these data have been made available to the U.S. Weather Service to help validate their national UV-B Sunburn Index. Six research grade instruments have been built and are being tested and modified to meet the necessary stringent operating specifications. To promote interagency cooperation, reduce expenses, and provide quality monitoring data, USDA is cooperating with the National Institute of Standards and Technology (NIST) and the National Oceanic and Atmospheric Administration (NOAA) in starting a UV-B instrument calibration laboratory. Monitoring instruments need to be recalibrated periodically to maintain their operating efficiency. Cooperative ties have also been established with

the proposed Environmental Protection Agency (EPA) urban monitoring network and existing NIST and Canadian network.

Water Quality. Claypans are tight, restrictive layers that occur naturally in soils across northern Missouri and neighboring states of Illinois and Indiana. Scientists in Missouri have been intensively studying the effects of depths to these claypans on water quality and crop yields. Using combines equipped with continuous grain flow sensors and global positioning system receivers, they are able to map and measure crop yield variations across fields with claypans at varying depths. Results have shown that grain yield variations are highly related to depth to the claypan caused by buried channels from past soil erosion. This will be useful to farmers for optimizing crop management strategies for optimum yields.

Also, the Missouri research showed that herbicides, such as atrazine and alachlor can move rapidly downward in these claypan soils due to extensive soil cracks that form during dry weather. Chemicals leaching deeper in these soils are less subject to degradation because of lower populations of degrading soil microorganisms with depth below the surface. Plant roots, however, were found to enhance degradation of some pesticides during the early crop growth period.

Fertilizers and animal manures have been implicated as sources of nitrate contamination in soil and ground water. Minnesota scientists have developed new alfalfa germplasms that show promise in reducing nitrogen losses to ground water while increasing nitrogen self-sufficiency in sustainable cropping systems. Results have shown that deep-rooted, ineffectively nodulated alfalfa can remove more nitrates from soils than either reed canarygrass or switchgrass. Also, scientists have developed techniques to evaluate the rate of alfalfa taproot elongation and subsoil nitrate uptake. These findings are being incorporated into plant breeding programs to develop varieties of alfalfa specifically designed for removal of leached nitrates from deep soil profiles and ground water.

New York scientists have found that ground-penetrating radar (GPR) can be successfully used to detect movement of moisture along sloping layers below the ground surface. This could be a powerful tool for tracking the movement of potential pollutants of ground water. Preliminary studies of an irrigation experiment showed GPR will be a powerful tool for detecting soil moisture content in layered soils, thus assisting in more efficient water and irrigation management systems.

The National Agricultural Pesticide Impact Assessment Program (NAPIAP). In the assessment process, one of the areas where good data are always lacking is the area of benefits of pesticides to the system being studied. Environmental Protection Agency (EPA) staff have great difficulty when attempting to determine pesticide benefits because of the lack of uniformity of methods across the many data sets they must analyze. With this concern in mind, NAPIAP is addressing the problem by sponsoring research that will determine the benefits of fungicides to tomato production. Tomatoes and fungicides were selected as a model system because of the crop value and because fungicides are an integral part of commercial tomato production. A working group consisting of one tomato-disease scientist from each region plus an agricultural economist was convened to identify specific disease problems that could be addressed and to develop protocols for conducting the research. The agricultural economist was included to assure data would be suitable for economic analysis. EPA and USDA scientists serve as ad hoc members of the working group.

In fiscal year 1993, seven projects examining the effects of fungicides on disease incidence and severity, crop yield, and crop quality were funded. Five of these projects addressed one disease (anthracnose) and the benefits of one fungicide (chlorothalonil) for control of the disease. Results from this first year indicated that the working group had developed realistic protocols and that the data obtained would resolve the lack of uniformity issue. A total of 10 projects were funded in fiscal year 1994.

In addition, funding was awarded to Ohio State University, to develop a database on tomatoes and fungicides based on data published in the Fungicide and Nematicide Tests Results for 1987-1990. The database contains 144 variables from numerous experiments conducted each year, and is now available in electronic format. Data from each study were examined and the value for each variable entered into the database. Since the historical field studies were not coordinated across locations as is currently being done in this NAPIAP sponsored research program, data are incomplete in many of the studies. As new results are obtained from the field experiments, they are being entered into the database. NAPIAP will then be able to quantify economic benefits of fungicides to tomato production.

This comprehensive tomato-disease database is the first of its kind and offers the opportunity to address nearly any type of production question that could be asked regarding tomatoes and fungicides. The new measurements that will be added as result of NAPIAP funding will be much more uniform across locations and will, therefore, provide the opportunity for more refined analyses. These data provide quantitative, scientifically sound measures of tomato quality and yield under defined management programs. Further, this project will serve as a model for future crop/pest management strategies for which quantitative measures of benefits are needed.

National Biological Impact Assessment Program (NBIAP). This year NBIAP converted its database access system to Internet. This conversion provides greater ease of access for the U.S. research community and additionally reduces costs of services for the program. Also this year, the program expanded its services beyond biotechnology and biosafety to include Integrated Pest Management (IPM) information systems which are now servicing the national and international IPM research community. This addition was intended to support the Administration's goal that 75 percent of U.S. cropland be managed using IPM practices by the year 2000. Eight thousand system subscribers now use the electronic communication services of NBIAP's system. The program is operated by Virginia Polytechnic Institute and State University.

Pesticide Clearance. The use of pesticides has proven beneficial in the efficient production of high-quality food and feed crops. Pesticides, including insecticides, fungicides and herbicides, have been used to reduce crop losses and assist producers to provide high quality foods at reasonable costs.

The amendments to the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA) required that all pesticide uses before 1984 be reregistered with EPA by 1997. The principal public supported research effort in the United States for pesticide clearance is Interregional Research Project Number 4 (IR-4). Organized in 1963 by the Directors of the State Agricultural Experiment Stations, it is a nationally coordinated research program funded primarily by the U.S. Department of Agriculture's Cooperative State Research, Education, and Extension Service (CSREES). The activities are administered by a headquarters staff located at the New Jersey Agricultural Experiment Station. A major responsibility is to develop residue data for pesticides used on minor crops using a network of regional leader laboratories and state and Federal liaison representatives.

IR-4 has directly supported over 50 percent of the pesticide registrations on minor crops since 1970. In 1994, IR-4 supported research on 261 minor food use clearances (202 for new registrations and 59 for reregistrations). IR-4 also sponsored research for pest control products on commercially grown ornamentals, and research on the biological control of Dodder, a parasitic plant, utilizing a formulated product containing two species of fungi. Two petitions were submitted to EPA for biologically based pest control products.

The IR-4 efforts provided research based and cost effective alternatives to producers that control pests of minor crops and ornamentals important to the nation's economy. The research also provides consumers with an abundant and safe food supply.

Minor Use Animal Drugs. Four new animal drug approvals were published in the Federal Register in 1994. The research was conducted under the National Research Support Project (NRSP-7) and sponsored by funding from the USDA/CSREES in cooperation with the Food and Drug Administration (FDA) for minor use or minor species. The drug approvals, previously published as Public Master Files, are now available to private industry. These animal drugs were fendbendazole for goats as an anthelmintic treatment conducted in Nebraska; fendbendazole for bighorn sheep researched in Washington to control lungworms; morantel tartrate for goats studied in Tennessee for the treatment of intestinal parasites, and salinomycin for coccidiosis in quail conducted in Maryland. Currently, there are 31 active research projects in the Minor Use Animal Drug Program.

The aquaculture industries have increased the number of requests for support from NRSP-7 because of the lack of sufficient approved drugs to treat the many diseases to which fish are susceptible. All fish are classified as minor species and are thus qualified for NRSP-7 support consideration. Since 1991, 44 percent (24 out of 54) of the total requests for therapeutic drugs to treat diseases or physiological conditions has been for fish. In comparison, from 1982 to 1990, the requests represented only 18 percent. NRSP-7 is presently involved in nine active research projects for aquaculture.

Tropical and Subtropical Research. Scientists at Florida have been working on biological controls for melonworms and pickleworms which are serious pests of many cucurbit crops. Insects that feed on melonworms and pickleworms were found in South America and imported and tested for their effectiveness as natural controls in Florida. A pheromone trap was also developed using naturally occurring pheromones to control the pickleworm. This research has led to the development of biocontrol methods that will be useful in controlling economically important pests in Florida as well as other states where cucurbit crops are grown.

Integrated Pest Management. Scientists from Wisconsin have developed a Prescriptive Crop and Pest Management Software for Farming Systems Involving Potatoes. In this program, actual herbicide use was reduced 50% representing input savings of \$23.00 per acre. Total input savings of \$84.20 per acre represented reductions of 9.75 pounds of pesticide active ingredients per acre, 50 pounds of nitrogen, and 2.1 inches of irrigation water. These input reductions improve the water quality in the shallow Wisconsin aquifers below the potato crop. Modeling the potato crop and evaluating the effect of crop shading on weed growth was particularly helpful to reducing herbicide use. A potato cultivar such as "Russet Burbank" forms a dense canopy and provides approximately 95% shading of the soil surface seven to nine weeks after emergence. Using this knowledge, weed scientists were able to adjust the timing and reduce the rate of herbicide applications such that only the required seven to nine weeks of control are provided from a single herbicide application. Complex pest and crop interactions, however, are relevant to weed control. For example, plants deficient in nitrogen are more susceptible to early blight which prematurely defoliates infected plants. And excessive irrigation promotes the leaching of nitrogen below the root zone of the potato and leads to nitrogen deficiency. As the nitrogen deficient plants prematurely senesce, canopy density and shading is reduced. Light penetration stimulates weed growth which leads to weed competition for light, water, and nutrients and may cause harvesting difficulties.

Aquaculture. A multi-disciplinary team of scientists from Cornell University, New York, Illinois State University, Louisiana State University and the University of Maryland has developed a research program aimed at reducing waste generation and discharge from aquacultural production systems. The team is evaluating the bioavailability of phosphorus in feed ingredients and digestibility of alternative feed ingredients in order to reduce phosphorus levels in the effluents of various aquaculture production systems. The team is also evaluating various binders and feed processing strategies to alter the physical characteristics of solid waste in order to facilitate removal of these waste from aquaculture production systems. Research indicates that phosphorus levels in

aquaculture effluents can be reduced through alteration of aquaculture feeds and through improved solid waste management strategies.

Supplemental and Alternative Crops. Canola oil has received wide acceptance by consumers, due to the large fraction of mono-unsaturated fatty acids which it contains. Our nation consumes about 1.26 billion pounds of canola oil per year, of which 75 percent is imported. A comprehensive canola research program to both develop and demonstrate canola production practices was begun this past year, with the objective of increased domestic canola production. This comprehensive research program will explore options for canola growth - as a either a fall or spring planted crop in midwestern and northern states, and as a winter second crop in the south. The states participating in this research are Alabama, Arkansas, Colorado, Florida, Georgia, Idaho, Illinois, Indiana, Kansas, Louisiana, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, South Carolina, Tennessee, Texas, Virginia, and Wisconsin.

The University of Arizona is conducting research on hesperaloe as an alternative source of pulp and fiber for specialty paper products. Tissue culture methods are used for propagation to obtain enough biomass for pulping studies and paper-making trials. Hesperaloe, by virtue of being an arid plant, is cultivated by sustainable methods. It offers an alternative to conventional crops for farmers in the southwest and can provide a domestic source of fibers for the manufacture of specialty papers.

Sustainable Agriculture Research and Education (SARE). Ohio agricultural engineers have developed an undercutter that kills cover crops without herbicides. The tool's forward blade severs the cover's roots 2-3 inches below the soil surface. Then a trailing roller lays topgrowth on the planting bed, creating a 4-6-inch-deep mulch. In tests, the undercutter handled a thick cover mix of hairy vetch, crimson clover, rye and barley that produced 10,000 to 12,000 pounds of biomass per acre. Researchers used a heavy-duty transplanter to set tomatoes through the mulch, which conserved moisture and suppressed weeds as effectively as herbicides. The mulch also reduces soil splashing, which can result in cleaner fruit and may help prevent the spread of soilborne leaf diseases.

Sweet potato white flies devastate more than \$1 billion worth of crops globally each year. But researchers in Florida and Texas found white fly populations were inconsequential on organic vegetable farms isolated from chemical farming areas, where the pest plagues crops. They suspect that in the absence of insecticides, parasitic wasps and other natural controls keep white flies in check. In tests on a conventional farm, planting six rows of squash as a trap crop along half of one side of a tomato field reduced whitefly infestations and the viruses they spread. Economic analyses show growers in southwest Florida could save an estimated \$400 per acre if they successfully adapted organic pest-control strategies for production of tomatoes. Other benefits would include reduced pesticide exposure to farm workers and less pesticide residue on crops. On-site field days, information in trade and extension publications, and presentations to growers are planned to encourage adoptions of these pest control strategies.

In Wyoming, a cover crop of European fodder radish is proving to be an effective alternative to aldicarb for controlling cyst nematodes in sugar beets. When planted after barley in an on-farm trial, the nematode-resistant radish reduced infestations by 57 percent compared with no-cover control plots. The cover also boosted yields in the following beet crop by 5 tons per acre-an increase of more than 30 percent compared with aldicarb-treated plots. Researchers estimate that just a 1.5 ton-per-acre yield increase will pay for the cost of the radish cover crop, which also helps protect soil from wind erosion. To further improve the economics of the system, they plan to let sheep graze the radish cover in fall and test if it will still control nematodes the following season.

Aquaculture Centers. At the Northeastern Regional Aquaculture Center (NRAC), scientists and industry cooperators from New Jersey, Maine, Massachusetts, Maryland, and New York have continued doing commercial field trials of strains of oysters which have shown promise in their resistance to the protozoan disease MSX. The presence of another oyster pathogen, *Perkinsus marinus* (cause of Dermo disease) has complicated the trials; however in areas where both pathogens are present, the resistant oysters had lower levels of infection and higher survival than did control oysters. This project has proven highly successful in bringing researchers, extension specialists and industry representatives together in carrying out the commercial trials.

Researchers from Maryland, Massachusetts, New York, and Connecticut have studied the morphology, histopathology, biochemistry and physiology of larval development of the eastern oyster. Eastern oysters generally suffer high mortalities during the larval stages and results from this study should lead to a better understanding of the underlying causes of such mortalities. As a result, there will be an enhancement in larval survival in hatcheries and remote setting activities in the Northeast.

At the North Central Regional Aquaculture Center (NCRAC), a collaborative project among scientists from Wisconsin, Illinois, Ohio, Michigan, and Nebraska to advance yellow perch aquaculture has led to the development and/or expansion of two of the region's leading commercial perch aquaculture operations, the actual or planned start-up of at least 11 new commercial perch aquaculture ventures, and utilization of the project's newly developed knowledge and production procedures by a number of fish farmers.

Approximately 50 research publications, extension fact sheets, technical bulletins, and three videos have been completed from NCRAC regional projects. All 50 states and at least 5 territories have access to these publications, and it is estimated that over 2,500 users receive fact sheets and/or videos annually.

At the Southern Regional Aquaculture Center (SRAC), cooperative research by scientists from Alabama, Kentucky, Louisiana, Mississippi, Texas, and Georgia showed the effects of various protein levels in catfish feeds on pond production under various feeding strategies which fish farmers can use to make economic decisions on feeds. This has allowed the protein percentage to be reduced in commercial feed from 32 percent to 28 percent which lowers the costs approximately \$10 per ton, and many farmers have changed to the lower protein/lower cost feed. The study also showed that fish size has much more effect on body fat content than diet, and large fish have a great amount of fat on the outside of the muscle which, if removed during skinning, will enhance frozen storage quality. Processors can adjust skinning machines to remove this layer of fat from the fish.

Nationwide requests for copies of extension fact sheets, extension videos, and research publications developed through SRAC projects has increased significantly, indicating a desire of both consumers and producers for information in all areas of aquaculture research. SRAC educational materials are also distributed by State Aquaculture Extension Specialists, County Extension Agents, and the National Agriculture Library, Aquaculture Information Center.

Western Regional Aquaculture Center (WRAC) extension specialists from California, Oregon, Wyoming, Alaska, Idaho, and Utah have developed a PC-based, document management software program which incorporates computer-generated aquaculture information packets into Extension personnel outreach programs throughout the Western Region. The software program, called Outreach© is designed to store and retrieve individual, non-copyright protected documents and publications, view and print any document created under the Windows operating system, process any print in any style, use materials from any word processing program including Wordstar©, Word Perfect©, and Word© and print using any printer. The system can easily be used at the county

level, allows rapid modification of text materials by the author of the file, and protects the authored material from unscheduled modifications. In addition to document management, Outreach© has sound application, can apply video technology and has animation application. These qualities can be applied to multi-linguistic programs and has application for the sight and sound handicapped. The software is presently being beta-tested and will be available in early 1995.

At the Tropical and Subtropical Regional Aquaculture Center (TSRAC), researchers succeeded in developing the seedstock production technology for a new species of marine finfish, the Pacific Threadfin or Moi. A number of special publications and reports were produced this past year including a computerized expert system software program to diagnose and treat tilapia diseases, a business opportunity plan and a market analysis for specific pathogen-free shrimp. These products were distributed to farmers, extension agents, and researchers throughout the region.

HIGHER EDUCATION

In FY 1994 the Department conducted three higher education programs and launched a new program. The USDA National Needs Graduate Fellowships Grants Program awarded grants to colleges and universities to stimulate the development of food and agricultural scientific expertise in targeted national needs areas. The Competitive Institution Challenge Grants Program, open to all colleges and universities, provided funding to stimulate and enable colleges and universities to provide the quality of education necessary to produce graduates capable of strengthening the Nation's food and agricultural scientific and professional work force.

The Morrill-Nelson Permanent Appropriation provided approximately \$50,000 to every State and territory to advance the quality of teaching programs in the food and agricultural sciences at land-grant universities. The new Higher Education Multicultural Scholars Program was inaugurated to attract and educate more minorities for careers in agriscience and agribusiness in order to increase the ethnic and cultural diversity of the food and agricultural scientific and professional work force and advance the educational achievement of minority Americans.

CURRENT ACTIVITIES

In FY 1994, funds were appropriated to support 63 new doctoral fellows through the USDA National Needs Graduate Fellowships Grants Program. This is the only Federal program targeted specifically to the recruitment and training of predoctoral students for critical food and agricultural scientific positions. It represents a national investment strategy to attract diverse and talented U. S. students to pursue advanced degrees in the food and agricultural sciences. Master's enrollments in the agricultural sciences decreased steadily through the 1980's and appear to have stabilized at just above 10,000. Although fairly stable, doctoral enrollments in the agricultural sciences remain at approximately 10,000. Further, projections on the availability of expertise in the food and agricultural sciences suggest shortfalls in several employment categories.

Fiscal year 1994 was the fourth year funds were available for the Competitive Institution Challenge Grants Program. Supported projects address regional, national, or international higher education issues; involve creative and novel approaches to teaching that can serve as models; and foster partnership initiatives across the university science and education community, as well as between universities and the private sector. The program requires dollar-for-dollar nonfederal matching funds.

Legislative authority for the administration of funds appropriated pursuant to Morrill-Nelson legislation was transferred to the U. S. Department of Agriculture and targeted to the food and

agricultural sciences by the Food and Agriculture Act of 1981. The program was formerly administered by the Department of Education and is considered a permanent appropriation.

In launching the Higher Education Multicultural Scholars Program, the Department mailed notices soliciting proposals to over 5,000 deans and directors of academic programs at colleges and universities across the Nation. Guidelines for operating the program were developed and formal regulations are being developed. This department-wide initiative is open to all U.S. colleges and universities with baccalaureate and higher degree programs in agriculture, natural resources, forestry, veterinary medicine, home economics and closely allied disciplines. The program provides competitive undergraduate scholarships grants to eligible institutions to attract, educate and graduate outstanding minority students.

SELECTED EXAMPLES OF RECENT PROGRESS

National Needs Graduate Fellowships Grants

Approximately \$3.4 million were available in fiscal year 1994 to fund the National Needs Graduate Fellowships Grants Program. New grants were awarded to colleges and universities to support 63 new doctoral fellows in three targeted national needs areas (Biotechnology--Animal; Human Nutrition and/or Food Science; and Marketing or Management--Food, Forest Products, or Agribusiness).

The new doctoral fellows supported via FY 1994 grants are presently being recruited and can thus be expected to graduate mid to late 1999. The recruitment and training of outstanding doctoral scientists requires considerable time. This fellowship program helps to minimize these lengthy time requirements by readily attracting academically outstanding students and by enabling them to pursue full-time graduate studies and complete their degree programs as quickly as possible.

Competitive Institution Challenge Grants Program

In FY 1994, approximately \$1.4 million were available under the Competitive Institution Challenge Grants Program to support projects which addressed the undergraduate level of study in the following targeted need areas: (1) curricula design and materials development; (2) faculty preparation and enhancement for teaching; (3) instruction delivery systems; and (4) student experiential learning. A total of 53 different institutions submitted 106 proposals for funding consideration. Funds were available to support a total of 24 grants based on peer review deliberations. The 24 grants were awarded to 19 institutions in 19 states. Some projects supported in FY 1994 will develop computer multimedia and interactive video training resources for teaching in areas such as horticulture, nutrition, agronomy, and natural resources. Other projects will develop courses and curriculum modules in environmental sciences, natural resources, and biological engineering. Undergraduate students will benefit from a project focused on the global dimensions of human malnutrition. Diversity issues will be addressed by the program through projects establishing collaborative satellite teaching between historically black and 1862 land-grant institutions, investigating cultural diversity and multicultural perspectives on agriculture, and training culturally diverse faculty. Other projects address education for food industry personnel via technology, electronic distance delivery of agricultural courses, computer-based training and library resources, and instructional systems modeling the role of diet and nutrition in disease reduction.

Morrill-Nelson

The latest data available denotes use of Morrill-Nelson funds for faculty salaries, teaching equipment, program development and other operating expenses. Administrative units having

access to and reporting use of the monies to strengthen higher education in the food and agricultural sciences including agriculture, home economics, forestry, and veterinary medicine.

Higher Education Multicultural Scholars Program

Congress appropriated \$1.0 million for FY 1994 for the Higher Education Multicultural Scholars Program. This will provide support for the recruitment and four years of education for approximately 40 minority undergraduate students. Stipends for the scholars will cover 75 percent of the students' cost of attendance including tuition, fees, room and board, books and other educational expenses. The remaining 25 percent will be paid by the college or university. Institutions will also receive a \$500 annual cost-of-education allowance for each scholar supported by the program.

NATIONAL RESEARCH INITIATIVE COMPETITIVE GRANTS PROGRAM

The original Competitive Research Grants program was initiated by the Department in 1978 to fund basic research in selected high priority areas related to plant production and human nutrition. Basic research initiatives implemented in 1985 encompassed broader research perspectives in plant and animal science and biotechnology. Competitive research grants have complemented the on-going research efforts of the USDA and the traditional agricultural research arena by encouraging the participation of outstanding research scientists throughout the entire U. S. scientific community who have expertise in these areas.

In FY 1991, the Competitive Research Grants Program was expanded into the National Research Initiative (NRI). Research areas were added in natural resources and the environment; plant systems; animal systems; and nutrition, food quality and health. In FY 1992, two new areas, processing antecedent to adding value to new products and markets, trade and rural development, were added to the National Research Initiative. The following is a description of current activities and selected examples of accomplishments supported under this appropriation item.

CURRENT ACTIVITIES

The NRI target areas were identified as those with a high potential for scientific discoveries that will contribute to vitally needed solutions of important agricultural problems. Target areas in natural resources and the environment include water quality, plant responses to the environment, forest/rangeland/crop/aquatic ecosystems, and improved utilization of wood and wood fiber. The target areas in nutrition, food quality and health address the research area of human nutrient requirements for optimal health and food safety. There are four target areas in animal systems research: reproductive biology, cellular growth and developmental biology, animal molecular genetics and gene mapping, and mechanisms of animal disease. In plant systems the target areas encompass: plant-pest interactions (e.g., pathogens, weeds, insects and nematodes), plant genome, genetic mechanisms and molecular biology, photosynthesis and respiration, and nitrogen fixation/metabolism. Research on alcohol fuels is also supported. The markets, trade, and rural development program area supports research on market assessments, competitiveness and technology and sustainability as well as understanding forces affecting rural areas and designing new approaches to rural development. In the processing for adding value or developing new products area, research is supported on enhancing value and use of agricultural and forest products and on food and non-food characterization/process/product.

The National Research Initiative Competitive Grants Program received 3,493 research proposals in FY 1994 requesting \$762 million for support of research in the targeted areas. From those proposals, 833 grants were awarded totaling \$96.6 million. Table 4 provides details on the number

of proposals submitted, the number of grants awarded, and the major categories of grant organizations. Table 5 lists recipients of competitive research grants and the dollars received.

SELECTED EXAMPLES OF RECENT PROGRESS

PLANTS

Plant Pathology. Crop plants are constantly exposed to damage caused by pathogenic bacteria, fungi and viruses. Large amounts of pesticides are used each year to control these disease agents, resulting in higher costs to producers, contamination of food, and pollution of the environment. Salicylic acid, which is chemically very similar to aspirin, is a naturally occurring molecule used by plants to signal the attack by pathogens and turn on a defense response. In a major scientific breakthrough, researchers at Rutgers University, New Jersey have identified the protein that binds to salicylic acid, and they cloned the gene that produces this binding protein. The protein turned out to be catalase, a common enzyme in plants that normally detoxifies hydrogen peroxide by converting it to water and oxygen. The researchers found that salicylic acid binds to catalase, thereby inhibiting its activity and allowing the accumulation of hydrogen peroxide needed to induce expression of the defense-related genes. This discovery has great implications in developing disease-resistant crop varieties that are environmentally safe. This research has resulted in an article in Science magazine, and also a patent application.

Entomology. The California red scale is an important insect pest of citrus trees. The control of this pest by the parasitic wasp, *Aphytis melinus*, is a classic case of a highly successful biological control where a natural enemy becomes established and continues to provide pest control without further augmentation. Researchers at the University of California, Santa Barbara and Riverside have been investigating this exemplary biological control system to understand the relationship between the parasitic wasps and their hosts. The researchers have discovered that the size of an individual scale insect greatly affects the behavior of *Aphytis*. The parasitic wasp deposits its eggs directly into the scale as the first step in its parasitic attack of this pest. The allocation of eggs is based on the size of the scale, and eggs deposited in a larger scale increases the fitness of the wasps produced from these eggs. Fitness refers to the ability of the wasps to survive and aggressively compete for habitats. Perhaps because of its fitness, *Aphytis melinus* has displaced another species of wasp that also was a successful biological control agent in southern California. These investigators are attempting to determine why this displacement happened and how it relates to the establishment of other natural enemies of pest species. This research will help explain the reasons for success in biological control of insects by their natural enemies. With this understanding, our capacity to control insect pests naturally and develop sustainable agricultural systems will be increased.

Plant Genetic Mechanisms. Many plants have sophisticated systems to prevent inbreeding and promote outcrossing. This reduces the chances of expressing deleterious genetic traits. One such mechanism is a genetic barrier to self-fertilization, whereby pollen is unable to fertilize the ovules of that same or genetically identical (twin) plant. In many plants, this genetic barrier is controlled by a gene or gene family known as the S locus. Researchers at The Pennsylvania State University have provided the first direct proof that the proteins from genes at the S locus are responsible for the incompatibility phenomenon. They used an approach whereby the gene for production of S proteins was removed and then put in backwards using techniques to cut and splice DNA. Failure of petunias to produce S protein resulted in their failure to reject their own pollen, thereby allowing the plants to produce seed by self fertilization. This work has resulted in a cover story in the journal Nature. Knowledge of the genetic control of self-incompatibility will help better design strategies to circumvent reproductive barriers between crop species and their wild relatives and allow introduction of more agronomically important genes from wild species into crop species by interbreeding.

Photosynthesis and Respiration. Corn uses a very complex chemical process to convert carbon dioxide from the atmosphere into carbohydrates using the sun's energy. Many different genes in different types of leaf cells are involved in this process. An investigator in the Department of Molecular Biology, Massachusetts General Hospital, has made significant strides in understanding the control of one such gene known as C4PPDK. This research has identified, isolated, and characterized an element of corn DNA that mediates expression of C4PPDK in response to light and factors found in certain corn cells at specific times of plant development. Work is now in progress to isolate and characterize the factors that mediate expression of this apparently key DNA element in corn. Understanding how the expression of these genes is controlled and coordinated will be essential to understanding how this crop produces food, feed, and starch products.

Nitrogen Fixation/Nitrogen Metabolism. Nitrogen fixation in leguminous crop plants, such as peas, beans and soybeans, is accomplished as a result of complex interactions of special soil bacteria and root cells. As a result of these interactions, a nodule is formed on the root that contains the bacteria and all the machinery for fixation of atmospheric nitrogen into a form that can be used by the plant. At the onset of this process, after the bacteria recognizes and infects the appropriate root cells, plant genes are then activated by factors from the bacteria and the developing nodule. To fix nitrogen, the bacteria must be protected completely from oxygen present in soil around roots. Research at Michigan State University has identified and characterized segments of plant DNA that are critical for activation of production of the protein leghemoglobin (or Srglb) that binds oxygen and protects the oxygen-sensitive nitrogen-fixing machinery of the bacteria. One of these DNA segments allows or promotes expression of the srglb gene in nodules. Together this coordinated regulatory mechanism enhances expression of the Srglb gene. Nitrogen fixation is the major natural source of fertilizer nitrogen in the soil available for crops. This and other research funded by the NRI is beginning to reveal at the molecular level how this agriculturally important process is accomplished in nature.

Plant Genome. Researchers at the USDA Agricultural Research Service, Albany, CA, for the first time, have cloned a plant gene that defends against a plant virus. Interestingly, the gene has been found to have high similarity to another plant gene recently cloned that defends against fungal infection and still another plant gene recently cloned that defends against bacterial infection. This discovery of a single family of genes in three very different kinds of plants with ability to confer resistance against the three very different kinds of plant pathogens--virus, fungus, bacterium--is remarkable and indicates that these or related genes could also defend other plant species from their pathogens. Currently, plant breeders are limited in their ability to develop disease-resistant varieties of crop plants, because they can only use genes from closely related plant species. This discovery of a class of genes not only provides new basic information about the biology of disease resistance in plants, it opens the way for plant scientists to transfer these genes into agriculturally important plant species and simultaneously protect the plants against viral, fungal and bacterial infection. This will increase profits to growers and reduce reliance on chemicals to control plant diseases.

PROCESSING FOR VALUE ADDED PRODUCTS

Food and Non-food Characterization, Process, and Product Research. Plants of the genus, Allium, such as garlic and onion, are important for their unique flavors and their potential benefits to human health, such as lowering the risk of cardiovascular disease and cancer. These properties can provide the basis for development of numerous value-added food and health products, but development of these products depends on understanding the chemistry of these flavor compounds. Researchers at The State University of New York in Albany are developing simple methods to determine the active flavor principles of these plants. They are also developing economical and environmentally benign methods for extraction, isolation, and manipulation of these compounds without altering the efficacy of these compounds as flavorings or health products.

Castor oil is used in soaps, paints and varnish, resins and plastics, lubricants, and other industrial products. The value of annual U.S. consumption of castor oil, virtually all of which is imported, ranges from \$50-75 million. Lesquerella oil, which has a similar chemical composition, is being investigated by researchers at the University of Southern Mississippi as a replacement for castor oil. Lesquerella can be grown and processed in the United States and could potentially develop into an important new agricultural crop for American farmers. This research seeks to exploit the biodegradability of the oil; the potential for reduced emissions of volatile organic compounds, and the unique characteristics of the oil that make it attractive for use in the polymer industries.

Proteins influence the flavor, texture, color, safety, nutrition, and processing characteristics of foods. The process of depolymerization -- turning large proteins into smaller proteins with enzymes- is a key operation in making cheese, beer, meats, fish, baked goods, and other foods. Controlled depolymerization contributes to improved product quality and processing, whereas uncontrolled reactions result in poor flavor, unsatisfactory functional and nutritional properties, and even loss of the product. A project at the University of California, Davis, is developing inhibitors of these enzymes as by-products from rice hulls/straw and tomato leaves/vines for use in controlling protein depolymerization in food processing operations. This work will lead to a new by-product industry for tomato and rice growers and improve the processing methods for a wide variety of foodstuffs.

NATURAL RESOURCES AND THE ENVIRONMENT

Forest/Range/Crop/Aquatic Ecosystems. Regulatory actions have been used to reduce acid deposition through the control of point-source emissions of sulfur-bearing acidic substances. However, concern still exists over the potential for nitrogen deposition (primarily from non-point sources) to affect forested ecosystem structure and function in the northeastern United States. Some streams and lakes in the area exhibit episodes of increased acidity that can be attributed to increased nitrate nitrogen in run-off water, but most of the nitrogen deposited is being retained within the forest. Scientists at the University of New Hampshire and at the Harvard (Massachusetts) are examining the reasons for the continued retention of nitrogen in red pine and mixed hardwood stands that have been fertilized at up to 150 kg nitrogen per hectare per year--more than triple the normal atmospheric deposition rate of nitrogen. An important early finding is that 70-80 percent of the retained nitrogen is stored by organisms carrying out a range of biological processes. The study also revealed an associated increase in organic carbon dissolved in the soil solution. The research has not yet determined whether this increase in dissolved organic carbon is due to microbial processes acting on the existing pool of soil organic matter, or from increased production and excretion of carbon substances from plant roots. If the plant roots are the major source of this water-soluble carbon, forest productivity could potentially be limited by this loss of carbon. If microbial release/solubilization of stored soil organic matter (because of nitrogen fertilization) is the major source there are implications for an increase in atmospheric CO₂ as this large carbon storage pool is depleted. Future information from this project will provide valuable insights into policy issues surrounding the significance and control of non-point-source nitrogen emissions and for forest management.

Water Quality. Many small-molecule hydrocarbons occur as pollutants in ground water. One example is methane produced by bacteria when oxygen is depleted. Other bacteria have the ability to destroy methane. The enzyme methane monooxygenase promotes the breakdown (oxidation) of methane by oxygen in such bacteria. This enzyme can also breakdown many other small-molecule hydrocarbons that occur as pollutants in ground water. Researchers at the West Virginia University have determined optimal conditions for removing this enzyme from these bacteria while retaining its enzymatic activity. This research indicates further that the chemical duroquinone mediates the transfer of energy associated with the oxidation of methane by this enzyme. This has interesting implications since most bacteria and animals use derivatives of the chemical ubiquinone for this

purpose, and duroquinone is structurally similar to the plastiquinone compounds used by plants for this purpose. Understanding the mechanisms of enzyme activation and function is key to the further development of remediation technologies for contaminated ground waters.

ANIMALS

Identifying Animal Genetic Mechanisms and Gene Mapping. The selection of dairy cattle for breeding purposes has usually been based on appearance and performance of the animals rather than actual genetic testing. Current research on gene characterization and mapping is paving the way for the introduction of methods to make selection and breeding more precise. Researchers at Virginia Polytechnic Institute and State University have developed computer software to simulate the results of animal pairings based on actual testing of the genetic makeup of the progeny. The model incorporates inheritable traits linked to gene markers as well as unmapped multi-gene effects. Used as a tool, this computer package can help in the development of healthier more productive herds at a lower long-term cost to both farmers and consumers.

Improving Animal Growth and Development. Aquaculture or "fish farming" is a rapidly growing segment of agriculture in the United States. The culture of rainbow trout is the third highest component of this industry, resulting in 25,000 metric tons of fish produced per year. Scientists at Washington State University have demonstrated that certain proteins as growth factors are important determinants of the rate of development and firmness of muscle tissues in rainbow trout. In another study, investigators at Ohio State University found that certain levels of ascorbic acid (vitamin C) are critical for male rainbow trout fertility. This information can be used to modify the fish feed and improve both quality and production of trout.

Sustaining Animal Health and Well-Being. Cryptosporidiosis is a diarrheal disease of calves and other food animals caused by the parasite *Cryptosporidium parvum*. The economic losses for U.S. cattle producers are estimated to be in excess of \$100 million per year. This disease also can cause severe diarrhea in humans as evidenced by a recent outbreak in Milwaukee, Wisconsin that affected over 400,000 people. Researchers at the University of Arizona are working to develop a vaccine for this important disease. In a previous USDA-NRICGP grant, they identified two substances that induce protective antibodies against the parasite. In a renewal grant, they will be incorporating these substances (antigens) into a vaccine and assessing its efficacy to protect cattle against cryptosporidiosis. Work at North Carolina State University and the University of North Carolina is seeking to develop new treatments for diarrheal diseases. In a previous USDA-NRICGP grant, these researchers identified a key role for certain metabolites in impairing salt absorption in the intestines of piglets during enteritis. However, salt absorption could be fully restored and stimulated by applying the amino acid L-glutamine. The research group will use a renewal grant to continue their investigations of diarrhea, and the development of new treatment strategies aimed at decreasing diarrhea-induced mortality in livestock.

NUTRITION, FOOD QUALITY AND HEALTH

Improving Human Nutrition for Optimal Health. While diets high in omega-3 fatty acids are thought to be beneficial for the cardiovascular system, immunosuppression is one side effect of this type of diet. It now appears that it may be essential to supplement the diet with vitamin E, possibly the most important antioxidant in the body, when maintaining a high level of omega-3 fatty acids in the diet. Researchers at Tufts University (Massachusetts) are working to determine what level of vitamin E is necessary in the elderly who are on a regime of Promega supplementation. Preliminary indications are that a supplement of between 100 and 400 IU/day may be required. Workers at the University of Missouri are attempting to determine if supplements of vitamin E in nursing mothers

and formula for infants will prevent the development of atherosclerotic plaques in children younger than five years of age. Such information can increase the cardiovascular health of people.

Ensuring Food Safety. Pathogenic microorganisms that grow at refrigeration temperatures can potentially cause outbreaks of food-borne disease. *Listeria monocytogenes* is the most common cause of this type of outbreak, which is usually associated with dairy products. Researchers at the University of California-Davis, Illinois State University, University of Nebraska and University of Vermont are investigating the enzymatic and genetic adaptations that allow growth of microorganisms in cold-storage. Preliminary indications are that the regulation of carbohydrate metabolism is the key step to account for how these pathogenic microorganisms adapt to and then grow in refrigerated food. Information on just one of the many critical steps leading to this type of food poisoning can show the way towards elimination of this hazard to our health.

MARKETS, TRADE AND RURAL DEVELOPMENT

Rural Development. One of the major questions in any rural development assistance program is: "Where do we put the next dollar invested?" Proponents of regional economic theory suggests that economic relationships expand out from large centers of population and economic activities to the less populated rural areas and argue for large investments at the regional core. However, two Clemson University, South Carolina regional economists found that there is no simple, consistent or direct relationship between the economy of core places and the surrounding rural areas. While more distal locations feel more attenuated effects in general, the spread of economic benefits to nearby or fringe places is very uneven. In fact, many fringe rural places experience a "backwash" effect where they lose benefits to the core place. The factors that determine the winners and losers are not immediately clear, and the researchers continue to analyze the massive data base they created to isolate the critical policy dimensions at play. Rural development policy, however, should not be allowed to follow simple models of economic spillover or spread from the economic core of a region. Urban development and economic growth at the core may have both positive or negative effects on other places in the region depending on factors that are still not completely understood.

Markets and Trade. U.S. agricultural commodities represent a significant component of U.S. exports. Maintaining a favorable position in the world marketplace for agricultural commodities depends on the continued competitive ability of U.S. agricultural enterprises. Researchers at Iowa State University have found in a study that Eastern Europe has a potential to become a major producer and exporter of beef. Currently, consumption in this region is declining faster than production, creating a surplus for export. However, the beef will not be free of the Foot and Mouth disease, and will not compete directly with U.S.-produced beef. Nevertheless, this situation will dampen demand for U.S.-produced beef in other parts of the world. The study indicates that it will not be in the interest of the U.S. beef industry to have the U.S. provide economic and technical assistance to Eastern Europe to develop its beef industry. Governments in this region are seeking export markets, and beef is viewed as a promising export opportunity.

SMALL BUSINESS INNOVATION RESEARCH PROGRAM

The Small Business Innovation Development Act (SBIR), Public Law 97-219, July 22, 1982, as amended by Public Law 99-443, October 6, 1986, was designed to strengthen the role of small, innovative firms in Federally funded research and development. Under this program, small firms receive at least a fixed minimum percentage of research and development awards made by Federal agencies with sizable research and development budgets. From FY 1986 through FY 1992, 1.25 percent of an agency's extramural research budget was set aside for purposes of the SBIR Act. The Small Business Research and Development Enhancement Act of 1992 (Public Law 102-564, October 28, 1992) has amended the set-aside percent for the SBIR program as follows: 1.5 percent

in fiscal years 1993 and 1994, 2.0 percent in fiscal years 1995 and 1996, and 2.5 percent in each fiscal year thereafter.

The objectives of the Small Business Innovation Research program include stimulating technological innovation in the private sector, strengthening the role of small businesses in meeting Federal research and development needs, increasing private sector commercialization of innovations derived from USDA-supported research and development efforts, and fostering and encouraging participation by minority and disadvantaged small business firms in technological innovation.

The following is a description of current activities and selected examples of accomplishments from this program.

CURRENT ACTIVITIES

In response to the September 1, 1993, deadline announced in the Federal Register, the Department of Agriculture received 443 Phase I proposals from small businesses that had innovative approaches to solve problems in U.S. agriculture. On February 15, 1994, 37 Phase II proposals were submitted by small businesses that had previously received Phase I awards. The agency contributions were pooled and grants were made without regard to the funding source. The proposals were peer reviewed and many high quality applications were identified. With the funds available for the program, 83 awards (60 Phase I awards and 23 Phase II awards) could be made. A summary for fiscal year 1994 follows:

<u>Program Area</u>	<u>Number of Proposals Received</u>	<u>Amount Requested</u>	<u>Number of Grants Awarded</u>	<u>Amount of Awards</u>
Forest and Related Resources	44	\$3,068,487	10	\$1,074,999
Plant Production and Protection	98	6,333,280	16	1,408,761
Animal Production and Protection	61	3,882,719	9	667,196
Air, Water and Soils	59	3,910,029	10	845,000
Food Science and Nutrition	48	3,454,653	9	877,942
Rural and Community Development	74	4,440,706	12	899,300
Aquaculture	60	4,150,203	11	1,078,557
Industrial Applications	<u>36</u>	<u>2,509,883</u>	<u>6</u>	<u>440,000</u>
Total	480	\$31,749,960	83	\$7,291,755

SELECTED EXAMPLES OF RECENT PROGRESS

Forests and Related Resources. As the availability of old growth lumber continues to decline, the use of solid lumber for different structural applications will also decline. Instead, there is increasing reliance on younger trees and lower grade lumber and thus the forest products industry is making increasing use of glued-laminated lumber to achieve structural lumber with the desired strength characteristics. In many applications shorter pieces of wood are glued together through the use of finger-joints to produce larger pieces of lumber. A critical factor in determining if such glued-laminated beams meet all the necessary strength specifications is the tensile strength of the adhesive-bonded finger joints. What is needed is a nondestructive method for measuring the tensile strength of finger joints. A Colorado company is working to develop an acoustic-ultrasonic nondestructive evaluation technique for predicting tensile strength of finger joints. The successful development of this technique will enhance quality control of manufactured glued-laminated lumber and thereby increase the value and the use of lower grade lumber.

Plant Production and Protection. An estimated four to seven billion crop and tree seedlings are planted each year in North America alone. The greenhouse production of these seedlings has been largely automated, but field transplantation is still a very labor intensive and tedious operation. What is needed is an automatic transplanter that is fast and will not damage the young seedlings. Being able to handle a large number of seedlings without the leaves becoming entangled is one of the biggest challenges that has to be overcome. A Florida company has developed an automatic transplanter for use on crop and tree seedlings. The transplanter is able to handle over 2.5 plants per second and can handle plants like tomatoes without the leaves becoming entangled. It is anticipated that this transplanter can be used on a variety of plants and lead to substantial savings of both time and cost for field transplantation.

Animal Production and Protection. Mycoplasma pneumonia of swine is a chronic disease that occurs worldwide. In the U.S. alone it causes annual losses of hundreds of millions of dollars due to reduced feed efficiency. What is needed to achieve control of this disease is a sensitive, reliable and user-friendly diagnostic test for the specific detection of infected animals. Such a test is also needed to assess the effectiveness of new vaccines for mycoplasma pneumonia that have just been released. A Missouri company is attempting to develop a suitable diagnostic assay that can be used to detect and monitor the disease. They have identified a genetically engineered recombinant protein that is being used as the basis for development of a suitable immunodiagnostic assay. Successful development of the immunoassay will have a very positive impact on the swine industry in this country and overseas.

Air, Water and Soils. Hydraulic conductivity is one of the most important physical properties of soil. It governs many kinds of complex flow and transport processes, such as infiltration of precipitation and applied irrigation water and water seepage from rivers, canals and ditches. There are many methods for measuring both the saturated and unsaturated hydraulic conductivity, but they are usually very time consuming, especially in low permeability soils such as clay soils. A New Mexico company is working to develop a new field permeameter to obtain both saturated and unsaturated hydraulic conductivity in situ from a single test. This permeameter would be quicker than other methods for making these measurements. Application of this new technology would provide substantial assistance on problems ranging from irrigation water infiltration rates to seepage from impoundments and landfills and movement of hazardous wastes in soil.

Food Science and Nutrition. Accurate estimation of moisture content in grains is important for a number of reasons including 1) grains are marketed by weight and thus an accurate determination of moisture content is needed to determine the value of the grain, 2) grains are often harvested under humid or wet conditions and an accurate measure of the moisture content is needed to ensure proper drying with optimal energy use, 3) the proper moisture content is critical for the storage of many grains, and 4) accurate knowledge of the moisture content can affect the processing quality control for some grain products. A California company has developed accurate microwave instrumentation systems for continuous, on-line, in situ measurement of moisture in grains. Use of this new instrumentation will permit more accurate moisture measurements in stored grain and potentially in other food products as well.

Rural and Community Development. In our modern society the greatest resources and the best opportunities are concentrated in our urban centers. Most rural communities lack the educational resources, the job opportunities and the market strength to compete with urban centers. Thus, rural communities face real challenges in obtaining the resources needed for economic development and in competing with urban centers to attract and retain professionals and viable commercial enterprises. However, due to the attractive lifestyle and the lower cost of living, rural areas could be very attractive to many urban residents who are tired of the pressures of urban life. A Texas company is working to establish Rural Integrated Technology Centers (RITC) in rural communities

for modernization of services and to provide greater access to existing and future programs and information resources. It is projected that establishment of RITCs in selected rural communities will facilitate the implementation of technical products and services that will help to make the rural areas more attractive and better able to compete with urban centers for professionals and viable commercial enterprises.

Aquaculture. An important aspect of raising cold water fish such as trout or salmon is producing fry, either for release to the wild or for stocking aquaculture facilities. This process starts by fertilizing large numbers of fish eggs. After the fertilized eggs have incubated for several weeks the dead and unfertilized eggs must be removed to avoid contamination of the viable eggs. Traditionally, this has been done by hand, although this is very slow and thus not practical for most fish hatcheries, or by a machine that briefly lifts the eggs out of the water and uses reflective light to screen out the bad eggs. These machines work quite well but the process of lifting the eggs out of the water causes stress that can damage some of the eggs. A preferable method would be to sort the eggs without removing them from the water. An Oregon company has developed an automatic fish egg sorter that separates out the bad eggs underwater. It can operate as many as eight channels simultaneously and sort 85,000 eggs per hour per channel. The live/dead sort is better than 99 percent accurate. This sorting speed is comparable to the largest fish egg sorters currently available, and the underwater sorting feature makes the machine very attractive.

Industrial Applications. A major problem facing the shipping industry is biofouling of the underwater surfaces of boats. Biofouling substantially reduces a boat's performance and leads to reduced speed and increased fuel expenses. A variety of approaches have been tried to create antifouling surfaces on boats such as copper sheathing and paint that contains biocides. The most effective of these paints are ones containing organotin compounds, but they cause gross deformities in shellfish and thus have been greatly restricted in their use. Copper based paints are also used but copper is a persistent biocide and the EPA is considering restrictions on such paints. A Massachusetts company is working to develop a non-toxic antifouling paint based upon a novel polysaccharide-based hydrolyzable matrix technology. This paint does not contain any biocides and thus is environmentally acceptable. Instead, it is designed to erode at a steady rate and thus prevent aquatic organisms from becoming established. The goal is to produce a paint that will last at least one and preferably two years and prevent any significant biofouling during this period. Because the paint is based on polysaccharides that are derived from starch, the successful development of this antifouling paint would provide a new use for plant starch and thereby create new markets for crops such as corn.

COOPERATIVE STATE RESEARCH, EDUCATION
AND EXTENSION SERVICE

Extension Activities

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

- Payments to States, the District of Columbia, Puerto Rico, Guam, the Virgin Islands, Micronesia, Northern Marianas, and American Samoa: For payments for cooperative [agricultural] extension work under the Smith-Lever Act, as amended, to be distributed under sections 3(b) and 3(c) of said Act, and under section 208(c) of Public Law 93-471, for retirement and employees' compensation costs for extension agents and for costs of penalty mail for cooperative extension agents and State extension directors, \$272,582.000; payments for the nutrition and family education program for low-income areas under section 3(d) of the Act, \$61,431,000; payments for the pest management program under section 3(d) of the Act, [~~\$10,947,000~~]; \$15,000,000; [of which up to \$125,000 may be transferred to the Cooperative State Research Service;] payments for the farm safety [and rural health] program under section 3(d) of the Act, [~~\$2,988,000~~]; \$988,000; payments for the pesticide impact assessment program under section 3(d) of the Act, \$3,363,000; payments to upgrade 1890 land-grant college research, [and] extension and teaching facilities as authorized by section 1447 of Public Law 95-113, as amended (7 U.S.C. 3222b), \$7,901,000; to remain available until expended; payments for the rural development centers under section 3(d) of the Act, \$950,000; payments for a groundwater quality program under section 3(d) of the Act, \$11,234,000; payments for the Agricultural Telecommunications Program, as authorized by Public Law 101-624 (7 U.S.C. 5926), \$1,221,000; payments for youth-at-risk programs under section 3(d) of the Act, \$10,000,000; payments for a Nutrition Education Initiative under section 3(d) of the Act, \$4,265,000; payments for a food safety program under section 3(d) of the Act, \$2,475,000; payments for a Pesticide Applicator Training program under Section 3(d) of the Act, \$2,000,000; payments for carrying out the provisions of the Renewable Resources Extension Act of 1978, \$3,341,000; payments for Indian Reservation Extension agents under section 3(d) of the Act, \$1,750,000; payments for sustainable agriculture programs under section 3(d) of the Act, [~~\$3,463,000~~]; \$4,963,000; payments for rural health and safety education as authorized by section 2390 of Public Law 101-624 (7 U.S.C. 2661 note, 2662), \$2,750,000; and payments for cooperative extension work by the colleges receiving the benefits of the second Morrill Act (7 U.S.C. 321-326, 328) and Tuskegee University [~~\$25,472,000~~]; \$26,236,000; and for Federal administration and coordination including administration of the Smith-Lever Act, as amended, and the Act of September 29, 1977 (7 U.S.C. 341-349), as amended, and section 1361(c) of the Act of October 3, 1980 (7 U.S.C. 301n.), and to coordinate and provide program leadership for the extension work of the Department and the several States and insular possessions, [~~\$12,611,000~~]; \$5,102,000; in all, [~~\$438,744,000~~]; \$437,552,000: Provided, That funds hereby appropriated pursuant to section 3(c) of the Act of June 26, 1953, and section 506 of the Act of June 23, 1972, as amended, shall not be paid to any State, the District of Columbia, Puerto Rico, Guam, or the Virgin Islands, Micronesia, Northern Marianas, and American Samoa prior to availability of an equal sum from non-Federal sources for expenditure during the current fiscal year.

The first change is to provide consistency in the description of cooperative extension programs at the 1862 and 1890 land-grant institutions.

The second change in language is for the purpose of deleting the limitation on transfers to Cooperative State Research Service (CSRS) for pest management program because of reorganization of CSRS/ES into CSREES.

The third change is for the purpose of correcting the program title.

The fourth change is for the purpose of adding "teaching" to the facilities program at 1890 land-grant colleges in accordance with the authorizing legislation.

The fifth change is for the purpose of providing funding for a pesticide applicator training program under Section 3(d) of the Act.

EXTENSION ACTIVITIES - CURRENT LAW

Appropriations Act, 1995.....	\$438,744,000
Budget Estimate, 1996.....	<u>437,552,000</u>
Decrease in Appropriations.....	-1,192,000
Appropriations Act, 1995.....	\$438,744,000
Transfer of EEO Counseling function to Departmental Administration (Office of Civil Rights Enforcement) <u>a/</u>	<u>-7,000</u>
Adjusted base for 1995.....	\$438,737,000
Budget Request, 1996.....	<u>437,552,000</u>
Decrease from adjusted 1995.....	<u>-1,185,000</u>

a/ Pursuant to the authority given to the Secretary in Reorganization Plan No. 2 of 1953, the equal employment opportunity counseling function was consolidated in the Office of Civil Rights Enforcement, per Secretary's Memorandum No. 1020-42, September 26, 1994.

SUMMARY OF INCREASE AND DECREASES - CURRENT LAW

(On Basis of Appropriation)

Dollars in Thousands

<u>Item of Change</u>	<u>1995 Current Estimate</u>	<u>Pay Costs</u>	<u>Program Changes</u>	<u>1996 Estimated</u>
Base Programs:				
Smith-Lever 3b&c <u>a/</u>	\$272,582	--	--	\$272,582
1890's and Tuskegee University.....	25,472	--	+764	26,236
EFNEP.....	61,431	--	--	61,431
Integrated Pest Management.....	10,947	--	+4,053	15,000
Pesticide Impact Assessment.....	3,363	--	--	3,363
Farm Safety/AgrAbility.....	2,988	--	-2,000	988
Water Quality.....	11,234	--	--	11,234
Pesticide Applicator Training.....	--	--	+2,000	2,000
Children/Youth at Risk.....	10,000	--	--	10,000
Food Safety.....	2,475	--	--	2,475
Indian Reservation Ext. Agents.....	1,750	--	--	1,750
Sustainable Agriculture.....	3,463	--	+1,500	4,963
Rural Development Centers.....	950	--	--	950
Nutrition Education Initiative.....	4,265	--	--	4,265
Agricultural Telecommunications.....	1,221	--	--	1,221
Renewable Resources Extension Act.....	3,341	--	--	3,341
Rural Health and Safety.....	2,750	--	--	2,750
1890 Facilities (Sec. 1447).....	7,901	--	--	7,901
Federal Administration				
General.....	5,026	+140	-272	4,894
Ag in the Classroom.....	208	--	--	208
Congressional Earmarks.....	<u>7,370</u>	<u>--</u>	<u>-7,370</u>	<u>0</u>
Total Available.....	\$438,737	+5140	-51,325	\$437,552

a/ D.C. Extension in Smith-Lever 3b&c. \$1,025,000 requested in FY '96.

EXTENSION ACTIVITIES - PROPOSED LEGISLATION

Budget Request, Current Law, 1996.....	\$437,552,000
Change due to proposed legislation.....	<u>+ 7,099,000</u>
Net Request, President's 1996 Budget Request.....	\$444,651,000

PROJECT STATEMENT
(On basis of available funds)

	1994 Actual		1995 Current Estimate		Increase or Decrease	1996 Estimated	
Project	Amount	Staff Years	Amount	Staff Years		Amount	Staff Years
EXTENSION ACTIVITIES:							
Payments to States:							
Smith-Lever Act							
1. Section 3b&c:							
Program.....	\$264,535,720	--	\$264,535,720	--	--	\$264,535,720	--
Set-aside for Federal Administration (4%).....	7,021,280	--	7,021,280	--	--	7,021,280	--
Subtotal, Section 3b&c.....	271,557,000		271,557,000		--	271,557,000	
2. Section 3d Program:							
EFNEP.....	61,431,000		61,431,000		--	61,431,000	
Pest Management.....	8,459,000		10,947,000		+4,053,000 ¹	15,000,000	
Pesticide Impact Assessment.....	3,363,000		3,363,000		--	3,363,000	
Farm Safety.....	2,988,000		2,988,000		-2,000,000 ²	988,000	
Rural Development Ctrs.	950,000		950,000		--	950,000	
Water Quality.....	11,234,000		11,234,000		--	11,234,000	
Pesticide Applicator Training.....	--		--		+2,000,000 ³	2,000,000	
Children/Youth & Family at Risk.....	10,000,000		10,000,000		--	10,000,000	
Food Safety.....	1,975,000		2,475,000		--	2,475,000	
Indian Reservations.....	1,750,000		1,750,000		--	1,750,000	
Nutrition Education Initiative.....	4,265,000		4,265,000		--	4,265,000	
Sustainable Agriculture.....	2,963,000		3,463,000		+1,500,000 ⁴	4,963,000	
Subtotal, Section 3d.....	109,378,000		112,866,000		+5,553,000	118,419,000	
Total, payments under the Smith- Lever Act.....	380,935,000	152	384,423,000	130	+5,553,000	389,976,000	130
Payments to the District of Columbia:							
Program.....	984,000	1	984,000	1	--	984,000	1
Set-aside for Federal Administration (4%).....	41,000	--	41,000	--	--	41,000	--
Total, payments to the District of Columbia.....	1,025,000	1	1,025,000	1	--	1,025,000	1
Payments to 1890 Colleges and Tuskegee University:							
Program.....	24,453,120	12	24,453,120	10	+733,880	25,187,000	10
Set-aside for Federal Administration (4%).....	1,018,000	--	1,018,000	--	+30,120	1,049,000	--
Total, payments to 1890 Colleges and Tuskegee University.....	25,472,000	12	25,472,000	10	+764,000 ⁵	26,236,000	10
Payments under Renewable Resources Extension Act.....	3,341,000	3	3,341,000	3	--	3,341,000	3

PROJECT STATEMENT
(On basis of available funds)

	1994 Actual		1995 Current Estimate		Increase or Decrease	1996 Estimated	
Project	Amount	Staff Years	Amount	Staff Years		Amount	Staff Years
EXTENSION ACTIVITIES:							
Payments to Ag. Telecommunications.....	1,221,000	2	1,221,000		--	1,221,000	2
Payments to Rural Technology Grants.....	1,500,000		--	--	--	--	--
Payments to Rural Health/Safety.....	2,000,000	1	2,750,000	1	--	2,750,000	1
1890 Facilities (Sec. 1447).....	11,321,000	2	7,901,000	2	--	7,901,000	4
3. Federal Administration and Coordination (Direct Appropriation):							
General.....	5,534,000	29	5,026,000	21	-132,000	4,894,000	19
Ag in Classroom.....	--	--	208,000	--	--	208,000	--
Congress. Projects.....	5,653,000	--	7,370,000	--	-7,370,000	--	--
Subtotal.....	11,187,000	29	12,604,000	21	-7,502,000 ^a	5,102,000	19
IPM Supplemental.....	1,400,000	--	--	--	--	--	--
Program Set-asides (non-add).....	(2,922,070)	--	(2,991,570)	--	(142,140)	(3,133,710)	--
Subtotal Available.....	439,402,000	202	438,737,000	170	-1,185,000	437,552,000	170
Unobligated Balance, Start of Year.....	-3,420,000	--	--	--	--	--	--
Total Available.....	435,982,000	202	438,737,000	170	-1,185,000	437,552,000	170
Transfer of EEO Function.....	--	--	+7,000				
Total Appropriation.....	--	202	438,744,000				

JUSTIFICATIONS OF INCREASES/DECREASES

EXTENSION ACTIVITIES

- (1) An increase of \$764,000 for the 1890 Colleges and Tuskegee University. (\$25,472,000 available in 1995).

Through the 1890 Institutions and Tuskegee University, a major emphasis is given to the Department's efforts with small and minority farmers and other limited resource audiences. Resources of the 1890 land-grant universities and the U.S. Department of Agriculture are oriented and made available to hard-to-reach and predominantly black clientele groups.

There is an urgent need for increased support for the Cooperative State Research, Education, and Extension Service (CSREES) programs at 1890 land-grant institutions and Tuskegee University to meet a two-fold challenge of increasing access and delivery options. As these institutions implement program initiatives in concert with 1862 institutions, and within their own structure, additional resources are required to provide clientele, particularly disadvantaged and limited resources people, with full Extension expertise in order for them to develop and improve decision-making skills, better manage available resources, and increase farm and family income. This unique component of the System must remove barriers and employ strategies such as flexible scheduling for educational programs. Many of our clients are and will be increasingly forced to juggle work, family obligations and the need to learn. The Institutions must be flexible, provide choices of time, place and methods. The 1890 universities must become even more approachable and accessible.

Additionally, several national problems that exist today---teenage pregnancy, school dropout by minority youth, building human capital, family and economic well-being, and nutrition, diet and health---can be effectively addressed by these institutions.

- (2) An increase of \$4,053,000 for Integrated Pest Management (IPM). (\$10,947,000 available in 1995).

Increasingly, U.S. agriculture is moving towards the use of ecologically-based pest management approaches that emphasize natural control based on biological control organisms and other nonchemical pest management alternatives. However, the promise of ecologically-based pest management approaches will not be realized without the concurrent development of a strong Cooperative Extension System capable of delivering integrated pest management (IPM) education and training programs to agricultural producers, private consultants, and other end users. While thousands of U.S. farmers have already adopted IPM strategies, implementation of IPM has not been adequate to realize fully the potential benefits it could afford American society.

The Administration has set a goal for implementation of IPM on 75% of crop acres by the year 2000. Meeting this goal requires a strong program to develop, disseminate, and facilitate the knowledge and information that is needed to implement IPM strategies. IPM has more potential than any other currently available set of practices or technologies to simultaneously reduce environmental and human health risks associated with pesticide use, increase the profitability of farming, enhance the sustainability of natural resources, and possibly open new export markets for U.S. goods.

The Administration's goal calls for a carefully coordinated effort among performers of research and education at the Federal level and in cooperating State institutions. A wide spectrum of issues needs to be resolved, requiring research ranging from fundamental studies

of insect biology to development and testing of integrated systems. In order to guide this effort, an IPM Strategy within USDA has been prepared to set forth the overall objectives and operating principles. A central feature of the USDA Strategy is a priority setting mechanism that involves users of technology in helping to identify and prioritize needs for research and education programs. Priorities arising through this system will guide the efforts of increased programs proposed for 1996 as well as ongoing programs. A detailed implementation plan, setting forth specific goals, milestones, operating procedures and agency responsibilities has been prepared to assure the close planning and coordination of all of the program elements.

CSREES Extension activities will perform a key function under the USDA/IPM Implementation Plan in supporting the local and regional process to identify priorities for IPM development and in providing education programs to encourage adoption of new IPM technologies. Specific Extension efforts include providing grants for:

- o Funding and supporting state IPM teams of producers, educators, researchers, agribusiness and others to establish a prioritized set of research and education needs. These priorities, when coordinated at the regional and Federal levels, will guide research and education programs to address the greatest needs.
- o Supporting the Regional IPM Consortia to coordinate efforts among the states to implement IPM programs.
- o Developing curricula for use in training IPM professionals and supporting education programs to improve the technical skills of producers and their advisors to meet the IPM implementation goal.
- o Evaluating program performance in meeting IPM implementation goals.
- o Participating with ARS in operating a program to transfer technology for the adoption of replacement technology for pesticide uses which are at risk from regulatory action consistent with the USDA/EPA Memorandum of Understanding.

With additional resources, the Cooperative Extension System's IPM program will have improved capacity to help guide U.S. agriculture towards ecologically-based pest management approaches that emphasize biological control and other alternatives to pesticides. The Extension System will play a major role in recruiting and preparing the cadre of educators, producers, consultants, promoters, and other end-users that are needed to achieve widespread use of IPM in the United States. This will be accomplished with close collaboration among State and Federal agencies, between the public and private sectors, and with the 1890 Colleges of Agriculture. Effective coordination with sustainable agriculture, water quality, and food safety activities to ensure efficient use of resources will also be assured through joint program planning and implementation.

(3) A. decrease of \$2,000,000 for Farm Safety/AgrAbility Projects. (\$2,988,000 available in 1995).

Funding for the AgriAbility projects is not being requested. Ongoing Farm Safety programs conducted by the Cooperative Extension System provide education to prevent farm accidents, and assist emergency care personnel in providing better assistance. These programs will focus on accident prevention, limiting occupational hazards to health, and training emergency personnel.

- (4) An increase of \$2,000,000 for the Pesticide Applicator Training program. (No funds available in FY 1995).

The Pesticide Applicator Training (PAT) program offers an opportunity for CSREES to reach non-traditional as well as traditional audiences. It also affects partnerships in the truest sense, building coalitions with federal and state agencies and serving diverse clientele ranging from individual producers and applicators to agricultural service organizations and commodity groups. The Pesticide Applicator Training Program transcends typical programs in that it has an active and supportive clientele from both urban and rural audiences. PAT also complements the Integrated Pest Management program. With an increase in the number of pesticide users requiring training and certification to use restricted use pesticides, and more regulatory action at both the state and federal level, the need to support training is ever more apparent.

The Pesticide Applicator Training program functions not only to train applicators but also serves to inform clientele on related regulatory concerns such as groundwater, endangered species, and worker protection. It has functioned well on the national level and offers a base from which to build related programs.

Today's agricultural producer and urban pesticide applicator/user is faced with almost daily regulatory impacts on pesticides and their uses. CSREES, through the Pesticide Applicator Training program can provide an impartial base for information and training. Pesticide Coordinators nationwide are faced with an increasing demand for training and educational materials, as a result of increasing regulatory activities from both the federal and state levels.

Funding will provide staffing support for Pesticide Applicator Training within the State Extension Services to develop educational materials from a regional and sometimes national perspective. Innovative delivery systems will be stressed, such as long distance education, auto-tutorial and train the trainer programs. Coordination with EPA will continue for special projects and program evaluations.

Additionally, the Pesticide Education and PAT program offer an excellent base for pesticide related programs in a number of high priority initiatives. The information base and expertise is already in place, but must be funded at a level that will allow its delivery via traditional and innovative methods to both existing and new audiences.

In order to be cost effective and maximize impact, the Pesticide Education and PAT program desires to create multi-faceted programs in coordination with the following: Integrated Pest Management (IPM); Water Quality; Reduced Risk/Use; Endangered Species; Worker Protection; Sustainable Agriculture; Food Safety; and Certified Crop Advisors.

- (5) An increase of \$1,500,000 for Sustainable Agriculture (\$3,463,000 available in 1995).

The U.S. agriculture sector faces major challenges in maintaining economic competitiveness while concurrently assuring responsiveness to growing societal concerns of agricultural production practices and the environment. The public and private sectors have supported research to improve economic competitiveness of the agriculture sector, to develop alternate crops and new uses, and develop environment enhancing technologies, methods, and practices. These investments have resulted in, and will continue to provide, improved technologies and production methods.

The agriculture community and rural America need new environmentally sound technologies, new resource conserving crops, and production practices efficiently integrated into holistic

farming and ranching systems. In order to achieve this objective, consistent with environmentally sound approaches and societal expectations, careful analysis, training of agricultural professionals, and improved site specific decision-making must take place. This will require development of training programs, improved systems for efficient access to research results, decision support systems, and applied research demonstrations.

The sustainable agriculture program is a critical step between research efforts and producers adopting improved management practices. This program will build upon the State strategic plans and regional training plans developed in FY94. Focused training programs will be developed to enhance the capabilities of agriculture professionals in making site specific decisions. Regional centers will continue to receive emphasis and regional training coordinators will work with State Extension coordinators to implement sustainable agriculture programs in all States. Applied research and demonstration projects will provide illustrations of how specific technologies, practices, new crops, and productions systems can be successfully integrated.

The U.S. food and agriculture system must be sustainable. In a general sense, agricultural sustainability is defined as being economically viable, environmentally sound, and socially acceptable. In more specific terms, U.S. agricultural producers are being asked by society and, subsequently, by their elected representatives at the local, State, and national level to develop and implement production systems which will:

- o sustain and expand the economic viability of farm and ranch operations and enhance the quality of life for farmers and ranchers;
- o enhance human health by fostering the availability and affordability of a safe, wholesome, and nutritious food supply;
- o enhance the environment and the natural resource base upon which a sustainable agricultural economy depends; and
- o integrate, where appropriate, natural biological cycles and controls.

Increased funds will go to providing additional projects in the areas of training Cooperative Extension System agents and other Sustainable Agriculture professionals in meeting the total goals of the Sustainable Agriculture program.

- (6) A net decrease of \$7,502,000 for Federal Administration and Coordination (direct line) (\$12,604,000 available in FY 1995).

Project	1995	Inc/Dec	1996
Technology Transfer (OK/MS).....	\$ 331,000	\$ -331,000	--
Rural Development (NE).....	392,000	-392,000	--
Rural Development (NM).....	230,000	-230,000	--
Rural Development (OK).....	300,000	-300,000	--
Pilot Technology (WI).....	165,000	-165,000	--
Chinch Bug/Russian Wheat			
Aphid (NE).....	67,000	-67,000	--
Cranberry Development (ME).....	50,000	-50,000	--
Rural Rehabilitation			
Projects (GA).....	250,000	-250,000	--
Income Enhancement (OH).....	250,000	-250,000	--
Beef Producers (AR).....	200,000	-200,000	--
Integrated Cow/Calf Mgmt. (IA).....	350,000	-350,000	--
Delta Teachers Academy.....	3,935,000	-3,935,000	--
Extension Specialist (AR).....	100,000	-100,000	--
HIV/STD (IN).....	250,000	-250,000	--
Wood Biomass (NY).....	200,000	-200,000	--
Range Improv (NM).....	200,000	-200,000	--
Agriculture Plastics (VT).....	100,000	-100,000	--
Subtotal.....	7,370,000	-7,370,000	--
Base, Federal Administration.....	5,033,000	--	5,033,000
Transfer of EEO Function.....	-7,000	--	-7,000
Ag in the Classroom.....	208,000	--	208,000
Pay Raise.....	--	+140,000	140,000
Reduction in Staff Funding.....	--	-115,000	-115,000
FTS 2000 Reduction.....	--	-12,000	-12,000
Reduction in Administrative			
Overhead.....	--	-145,000	-145,000
Total.....	<u>\$12,604,000</u>	<u>-7,502,000</u>	<u>\$5,102,000</u>

- (a) A decrease of \$7,370,000 for Special Projects (\$7,370,000 available in FY 1995).

These special projects address primarily local issues and priorities. In order to ensure and designate funding for high-priority national programs such as the Integrated Pest Management and 1890's programs, no funding is requested for these special projects in FY 1996.

- (b) A decrease of \$7,000 for the Transfer of the EEO Function.
- (c) An increase of \$140,000 which includes the annualization of fiscal year 1995 pay raise and anticipated fiscal year 1996 pay raise.
- (d) A decrease of \$115,000 for staff year reduction.

This will support the Secretary's streamlining efforts and the President's Executive Order mandating a reduction in Federal employment.

Streamlining of USDA's research and education programs will lead to program and administrative management efficiencies. These efficiencies provide an opportunity to reduce the staff year ceiling for CSREES while continuing to provide National program planning and coordination in partnership with the States. Savings will be achieved through the consolidation of the research and extension administrative and program planning staffs.

(e) A decrease of \$145,000 for Administrative overhead reduction.

In support of the Secretary's streamlining efforts and the President's Executive Order to reduce overhead-type outlays, budget authority is reduced by \$145,000. Most of this decrease will be through areas related to reduced staffing levels, travel, and supplies.

(f) A decrease of \$12,000 for FTS 2000.

The decrease reflects lower long distance telecommunication prices due to price redetermination in the FTS 2000 contracts.

EXTENSION ACTIVITIES/USDA
SUMMARY OF PROPOSED LEGISLATION
(Dollars in thousands)

SUMMARY OF INCREASES - PROPOSED LEGISLATION

<u>Item of Change</u>	1996		
	<u>Current Law</u>	<u>Program Changes</u>	<u>President's Request</u>
Section 1447 1890 Facilities.....	\$ 7,901,000	+\$7,099,000	\$ 15,000,000
All Other.....	<u>429,651,000</u>	<u>- -</u>	<u>419,651,000</u>
Total Available.....	437,552,000	+7,099,000	444,651,000

Explanation of Proposed Legislation

In FY 1996 Extension is requesting \$7,901,000, the same level as FY 1995, to continue previously enacted legislation to advance the research, extension and teaching capabilities of the 1890 Institutions and Tuskegee University by the improvement and acquisition of facilities and equipment.

Additionally, \$7,099,000 is requested for a high-priority Administration initiative to upgrade the research, extension and teaching capabilities of the 1890's. These projects will involve the governmental streamlining principles of: merit based award; the development of human resources; the sharing of costs through public and private partnership; and the advancement of equity through diversity. This program will differ primarily from the previous enacted legislation in that it will award grants through a competitive, merit-reviewed process and will require full dollar-for-dollar matching from non-Federal sources.

The importance of facilities and modern equipment in higher education cannot be minimized. The 17 historically Black land-grant colleges and universities are in need of modern facilities and equipment so that they can more effectively carry out their mission. With needed upgrading, these institutions will enhance their ability to attract and retain quality students and faculty.

It is estimated that within the next five years 85% of new entrants to the Nation's workforce will consist of minority groups and women. In light of this, one of the Nation's highest priorities is to advance the academic achievements of minorities and to ensure their full participation in all public endeavors, including teaching, research, and extension in the food and agricultural sciences. The 1890 land-grant institutions and Tuskegee University are major suppliers of minority scientists and other agricultural professionals. However, these institutions are increasingly hampered in their ability to attract and retain quality students and faculty because of the existing inventory of obsolete, deteriorating, and inadequate facilities that currently dot the 1890 campus landscape.

The President is dedicated to revitalizing the physical infrastructure that undergirds these institutions' agricultural programs. Specifically, this new program will focus on repairing, renovating, and expanding the existing research and education facilities at the 1890 land-grant institutions and Tuskegee University. On-site merit evaluations will be conducted to determine existing capacity, and awards will be targeted toward the construction of new space for which there is an identified high-priority need. Progress will be monitored through regularly scheduled on-site visits, detailed performance reports, and periodic meetings to address common problems and provide technical assistance.

It also will contribute to meeting key social, environmental, and scientific goals by established by the President's National Science and Technology Council. It will promote a healthy, educated citizenry; spur job creation and economic growth; assist in maintaining our world leadership in the agricultural sciences and allied sciences; and harness information technology to support the overall research and education enterprise. In addition this program will further the ongoing efforts of the current formula-based extension programs, the 1890 Institution Capacity Building Grants Program and the new Multicultural Scholars Program, by providing quality space in which to carry out these and other vital programs.

Under previous programs, Federal funding was used by these institutions to construct only a limited number of modern research laboratories and extension facilities. This initiative will continue those efforts by providing funds for the construction of additional state-of-the-art laboratories to strengthen their teaching, research, and extension capacity; bolster their student and faculty recruitment and retention programs; and provide an atmosphere that is conducive to academic excellence and technology transfer. This program is truly in the national interest.

EXTENSION ACTIVITIES
Geographic Breakdown of Obligations
1994 and Estimated 1996 and 1996

<u>State/Territory</u>	<u>FY 1994 Actual Obligations</u>	<u>Estimated Obligations FY 1995</u>	<u>FY 1996</u>
Alabama	\$12,988	\$12,698	\$12,673
Alaska	1,924	1,441	1,441
American Samoa	630	990	989
Arizona	3,626	2,785	2,786
Arkansas	9,466	9,006	9,039
California	12,161	10,882	10,882
Colorado	4,171	3,718	3,718
Connecticut	3,362	2,647	2,647
Delaware	2,661	2,384	2,396
Florida	9,294	8,639	8,578
Georgia	13,833	12,564	12,604
Guam	1,195	1,041	1,041
Hawaii	1,863	1,724	1,724
Idaho	3,927	3,212	3,212
Illinois	12,252	11,738	11,738
Indiana	10,614	9,795	9,796
Iowa	11,687	10,271	10,271
Kansas	7,909	6,457	6,457
Kentucky	13,781	13,161	13,224
Louisiana	9,319	9,008	9,038
Maine	3,013	2,765	2,765
Maryland	6,983	6,510	6,634
Massachusetts	4,078	3,707	3,707
Michigan	11,819	10,644	10,644
Micronesia	690	1,076	1,074
Minnesota	11,503	9,829	9,829
Mississippi	13,378	10,860	10,884
Missouri	13,590	12,426	12,488
Montana	3,560	3,007	3,008
Nebraska	7,124	6,706	6,706
Nevada	1,868	1,629	1,629
New Hampshire	2,260	1,999	1,999
New Jersey	4,321	3,968	3,968
New Mexico	3,306	2,814	2,814
New York	13,702	11,832	11,832
North Carolina	18,562	17,262	17,318
North Dakota	4,487	4,036	4,036
Northern Marianas	629	971	971
Ohio	12,881	12,224	12,224
Oklahoma	8,960	8,214	8,261
Oregon	6,318	4,688	4,688
Pennsylvania	13,006	12,626	12,626
Puerto Rico	8,477	8,036	8,036
Rhode Island	1,831	1,496	1,496
South Carolina	9,684	9,042	9,077
South Dakota	4,416	3,932	3,932
Tennessee	13,939	13,065	13,106
Texas	21,857	20,411	20,493
Utah	3,127	2,232	2,232
Vermont	2,963	2,093	2,093
Virgin Islands	992	1,015	1,014
Virginia	11,658	10,998	11,042
Washington	6,077	6,044	6,044
West Virginia	6,306	6,087	6,087
Wisconsin	10,447	9,507	9,507
Wyoming	2,169	1,877	1,877
District of Columbia	868	984	984
Subtotal	\$413,440	\$376,332	\$377,065
To be allocated:			
Earmarked Efforts	7,163	44,833	43,016
FERS	-	4,000	4,000
Federal Administration	13,872	13,572	13,470
Unobligated Balance	117	-	-
Transferred	1,600	-	-
Total	\$436,082	\$438,737	\$437,552

**APPROPRIATION FOR PAYMENTS TO STATES
BASIS OF ALLOTMENT AND MATCHING REQUIRED
FISCAL YEAR 1996**

ITEM	TOTAL ESTIMATE 1996	ALLOTMENT	AMOUNT PAID W/O MATCHING	AMOUNT REQUIRED MATCHING
Smith-Lever Act	\$272,582,000			
Section 3(b)		\$56,475,091 - fixed by Sec 3b PL 87-749	\$14,513,808	\$41,961,283
Section 3(c)		1,544,809 (178,832,000) 68,524,288 - farm population 68,524,288 - rural population 34,762,144 - equally 7,021,280 - federal administration & coordination Section 3c.1	8,021,280	1,544,809 170,810,720
Fed Employees Retirement System		4,000,000 - Fed'l contribution	4,000,000	--
Retirement & Employee's Injury Compensation		15,252,000 - Fed'l contribution	15,252,000	--
Penalty Mail		15,453,000 - Reim. to USPS	15,453,000	--
D.C.		(1,025,000) 41,000 - Fed'l Admin. 984,000 - Univ. of DC	41,000	984,000
Section 3(d)	118,419,000	61,174,440 - EFNEP 258,560 - Fed'l Admin. 15,000,000 - IPM 11,234,000 - Water Quality 3,363,000 - PIA 10,000,000 - YAR 2,475,000 - Food Safety 4,265,000 - Nutr. Education 988,000 - Farm Safety 950,000 - Rural Dev. Centers 4,963,000 - Sustainable Agr. 2,000,000 - Pesticide Applicator Training 1,750,000 - Indian Reservation	61,431,000 15,000,000 5,441,000 3,363,000 1,970,000 -- 2,217,800 988,000 950,000 4,963,000 2,000,000 1,750,000	-- -- 5,783,000 -- 8,030,000 2,475,000 2,047,200 -- -- -- -- --
Title XIV, Food/Ag Act 1977, as amended, 1890 Colleges	26,236,000	(26,236,000) 1,049,440 - Fed'l Admin. 25,186,560 - To 1890 Colleges & Tuskegee	26,236,000	--
Renewable Resources	3,341,000	3,341,000	3,341,000	--
1890 Facilities	15,000,000	14,400,000 - To 1890 Colleges & Tuskegee 600,000 - Fed'l Admin.	7,901,000	--
Rural Health	2,750,000	2,750,000	--	2,750,000
Ag. Telecommunication	1,221,000	1,221,000	--	1,221,000
SUBTOTAL	439,549,000	439,549,000	194,832,888	237,617,112
Fed'l Admin.	5,102,000			
Total FY - 1996	444,651,000			

APPROPRIATION FOR PAYMENTS TO STATES
STATE ALLOTMENTS, FY 1994 - 1996

Smith-Lever Act: Section 3(b) & 3(c)	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>
Alabama	\$5,805,256	\$5,805,256	\$5,805,256
Alaska	886,640	886,640	886,640
American Samoa	749,294	749,294	749,294
Arizona	1,537,818	1,537,818	1,537,818
Arkansas	4,907,418	4,907,418	4,907,418
California	6,175,349	6,175,349	6,175,349
Colorado	2,413,375	2,413,375	2,413,375
Connecticut	1,810,424	1,810,424	1,810,424
Delaware	1,043,941	1,043,941	1,043,941
Florida	3,628,944	3,628,944	3,628,944
Georgia	6,584,170	6,584,170	6,584,170
Guam	792,117	792,117	792,117
Hawaii	1,091,144	1,091,144	1,091,144
Idaho	2,190,315	2,190,315	2,190,315
Illinois	8,026,515	8,026,515	8,026,515
Indiana	7,269,252	7,269,252	7,269,252
Iowa	7,722,157	7,722,157	7,722,157
Kansas	4,475,526	4,475,528	4,475,526
Kentucky	7,578,252	7,578,252	7,578,252
Louisiana	4,362,714	4,362,714	4,362,714
Maine	1,820,683	1,820,683	1,820,683
Maryland	2,739,838	2,739,838	2,739,838
Massachusetts	2,261,255	2,261,255	2,261,255
Michigan	7,306,445	7,306,445	7,306,445
Micronesia	818,886	818,886	818,886
Minnesota	7,198,800	7,198,800	7,198,800
Mississippi	5,970,004	5,970,004	5,970,004
Missouri	7,112,959	7,112,959	7,112,959
Montana	2,050,152	2,050,152	2,050,152
Nebraska	4,074,770	4,074,770	4,074,770
Nevada	897,443	897,443	897,443
New Hampshire	1,320,603	1,320,603	1,320,603
New Jersey	2,225,867	2,225,867	2,225,867
New Mexico	1,645,827	1,645,827	1,645,827
New York	6,846,207	6,846,207	6,846,207
North Carolina	9,860,694	9,860,694	9,860,694
North Dakota	2,799,211	2,799,211	2,799,211
Northern Mariana Islands	728,978	728,978	728,978
Ohio	8,839,690	8,839,690	8,839,690
Oklahoma	4,486,739	4,486,739	4,486,739
Oregon	2,900,988	2,900,988	2,900,988
Pennsylvania	8,591,742	8,591,742	8,591,742
Puerto Rico	5,964,056	5,964,056	5,964,056
Rhode Island	884,181	884,181	884,181
South Carolina	4,795,717	4,795,717	4,795,717
South Dakota	2,913,384	2,913,384	2,913,384
Tennessee	7,202,755	7,202,755	7,202,755
Texas	10,116,991	10,116,991	10,116,991
Utah	1,344,112	1,344,112	1,344,112
Vermont	1,446,435	1,446,435	1,446,435
Virgin Islands	771,077	771,077	771,077
Virginia	5,990,874	5,990,874	5,990,874
Washington	3,409,527	3,409,527	3,409,527
West Virginia	3,475,538	3,475,538	3,475,538
Wisconsin	7,201,609	7,201,609	7,201,609
Wyoming	1,223,173	1,223,173	1,223,173
Subtotal	228,285,811	228,285,811	228,285,811
3(b) Special Needs	1,544,909	1,544,909	1,544,909
3(c) Fed'l Admin	7,021,280	7,021,280	7,021,280
Total	236,852,000	236,852,000	236,852,000
Retirement	15,252,000	15,252,000	15,252,000
Penalty Mail	15,453,000	15,453,000	15,453,000
FERS	4,000,000	4,000,000	4,000,000
Dist. of Columbia	984,000	984,000	984,000
Fed'l Admin.	41,000	41,000	41,000
TOTAL	272,582,000	272,582,000	272,582,000

**APPROPRIATION FOR PAYMENTS TO THE 1890 LAND-GRANT COLLEGES
AND TUSKEGEE UNIVERSITY, 1994 - 1996**

<u>INSTITUTIONS</u>	<u>FY 1994</u>	<u>FY1995</u>	<u>FY1996</u>
Alabama			
Alabama A&M University	\$1,310,487	\$1,310,487	\$1,347,554
Tuskegee University	1,310,487	1,310,487	1,347,554
Arkansas			
University of Arkansas, Pine Bluff	1,183,922	1,183,922	1,216,687
Delaware			
Delaware State University	427,929	427,929	439,713
Florida			
Florida A&M University	1,098,811	1,098,811	1,137,196
Georgia			
The Fort Valley State College	1,576,218	1,576,218	1,625,462
Kentucky			
Kentucky State University	1,973,939	1,973,939	2,036,297
Louisiana			
Southern University and A&M College	1,087,032	1,087,032	1,117,586
Maryland			
The University of Maryland, Eastern Shore	835,170	835,170	859,557
Mississippi			
Alcorn State University	1,294,632	1,294,632	1,328,633
Missouri			
Lincoln University	1,972,090	1,972,090	2,033,886
North Carolina			
North Carolina A&T State University	2,352,703	2,352,703	2,418,722
Oklahoma			
Langston University	1,179,540	1,179,540	1,215,486
South Carolina			
South Carolina State University	1,145,349	1,145,349	1,180,006
Tennessee			
Tennessee State University	1,778,219	1,778,219	1,829,117
Texas			
Prarie View A&M University	2,426,150	2,426,150	2,508,272
Virginia			
Virginia State University	1,500,442	1,500,442	1,544,832
Subtotal	24,453,120	24,453,120	25,186,560
Federal Administration	1,018,880	1,018,880	1,049,440
Total	25,472,000	25,472,000	26,236,000

**APPROPRIATION FOR PAYMENTS TO STATES
1890 FACILITIES, 1994 - 1996**

FACT ACT, Section 1447:	FY 1994	FY1995	FY1996
Alabama			
Alabama A&M University	\$422,607	\$422,607	\$422,607
Tuskegee University	422,607	422,607	422,607
Arkansas			
University of Arkansas, Pine Bluff	405,926	405,926	405,926
Delaware			
Delaware State University	324,560	324,560	324,560
Florida			
Florida A&M University	427,721	427,721	427,721
Georgia			
The Fort Valley State College	469,833	469,833	469,833
Kentucky			
Kentucky State University	520,692	520,692	520,692
Louisiana			
Southern University and A&M College	397,350	397,350	397,350
Maryland			
The University of Maryland, Eastern Shore	373,433	373,433	373,433
Mississippi			
Alcorn State University	410,717	410,717	410,717
Missouri			
Lincoln University	518,512	518,512	518,512
North Carolina			
North Carolina A&T State University	534,886	534,886	534,886
Oklahoma			
Langston University	418,263	418,263	418,263
South Carolina			
South Carolina State University	413,265	413,265	413,265
Tennessee			
Tennessee State University	476,248	476,248	476,248
Texas			
Prarie View A&M University	597,336	597,336	597,336
Virginia			
Virginia State University	451,004	451,004	451,004
Subtotal	7,584,960	7,584,960	7,584,960
Proposed Legislation	0	0	7,099,000
Federal Administration	316,040	316,040	316,040
Total	7,901,000	7,901,000	15,000,000

APPROPRIATION FOR PAYMENTS TO STATES
PESTICIDE IMPACT ASSESSMENT, FY 1994 - 1996

Smith-Lever Act: Section 3(d)	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>
Alabama	\$28,627	\$25,677	\$25,677
Alaska	10,204	10,204	10,204
American Samoa	10,000	10,000	10,000
Arizona	28,604	16,806	16,806
Arkansas	41,344	41,246	41,246
California	87,110	104,512	104,512
Colorado	25,084	25,084	25,084
Connecticut	11,725	11,725	11,725
Delaware	21,009	12,161	12,161
Florida	62,680	76,084	76,084
Georgia	67,107	71,662	71,662
Guam	10,383	10,383	10,383
Hawaii	12,357	12,357	12,357
Idaho	26,305	32,105	32,105
Illinois	75,460	89,814	89,814
Indiana	37,576	38,526	38,526
Iowa	57,518	54,569	54,569
Kansas	43,693	40,744	40,744
Kentucky	38,369	35,419	35,419
Louisiana	27,558	25,559	25,559
Maine	12,555	12,555	12,555
Maryland	19,262	16,312	16,312
Massachusetts	15,181	16,131	16,131
Michigan	31,044	35,894	35,894
Micronesia	10,000	10,000	10,000
Minnesota	55,923	55,825	55,825
Mississippi	24,389	24,389	24,389
Missouri	44,492	41,543	41,543
Montana	18,114	18,114	18,114
Nebraska	50,696	41,848	41,848
Nevada	11,069	11,069	11,069
New Hampshire	10,989	10,989	10,989
New Jersey	30,819	24,822	24,822
New Mexico	15,967	15,967	15,967
New York	30,438	36,239	36,239
North Carolina	37,351	34,402	34,402
North Dakota	28,538	26,539	26,539
Northern Mariana Islands	10,002	10,000	10,000
Ohio	41,464	39,465	39,465
Oklahoma	43,956	39,958	39,958
Oregon	31,357	26,409	26,409
Pennsylvania	41,173	41,074	41,074
Puerto Rico	14,922	14,922	14,922
Rhode Island	10,352	10,352	10,352
South Carolina	20,835	17,886	17,886
South Dakota	30,229	24,330	24,330
Tennessee	36,123	33,174	33,174
Texas	90,625	86,528	86,528
Utah	14,352	14,352	14,352
Vermont	12,425	12,425	12,425
Virgin Islands	10,007	10,007	10,007
Virginia	27,240	24,290	24,290
Washington	40,561	53,113	53,113
West Virginia	14,521	14,521	14,521
Wisconsin	56,713	66,316	66,316
Wyoming	13,603	13,603	13,603
Subtotal	1,730,000	1,730,000	1,730,000
Special Projects	1,633,000	1,633,000	1,633,000
Total	3,363,000	3,363,000	3,363,000

**APPROPRIATION FOR PAYMENTS TO STATES
FOOD AND NUTRITION EDUCATION, FY 1994 - 1996**

Smith-Lever Act:			
Section 3(d)	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>
Alabama	\$1,977,500	\$1,977,500	\$1,977,500
Alaska	176,269	176,269	176,269
American Samoa	64,987	64,987	64,987
Arizona	574,169	574,169	574,169
Arkansas	1,260,851	1,260,851	1,260,851
California	3,395,214	3,395,214	3,395,214
Colorado	565,273	565,273	565,273
Connecticut	459,486	459,486	459,486
Delaware	223,582	223,582	223,582
Florida	2,068,590	2,068,590	2,068,590
Georgia	2,156,102	2,156,102	2,156,102
Guam	65,138	65,138	65,138
Hawaii	260,478	260,478	260,478
Idaho	296,020	296,020	296,020
Illinois	2,153,018	2,153,018	2,153,018
Indiana	1,209,572	1,209,572	1,209,572
Iowa	904,166	904,166	904,166
Kansas	697,451	697,451	697,451
Kentucky	1,664,057	1,664,057	1,664,057
Louisiana	1,881,187	1,881,187	1,881,187
Maine	423,229	423,229	423,229
Maryland	848,948	848,948	848,948
Massachusetts	980,998	980,998	980,998
Michigan	1,798,079	1,798,079	1,798,079
Micronesia	72,588	72,588	72,588
Minnesota	997,906	997,906	997,906
Mississippi	1,710,137	1,710,137	1,710,137
Missouri	1,557,620	1,557,620	1,557,620
Montana	299,992	299,992	299,992
Nebraska	540,490	540,490	540,490
Nevada	175,381	175,381	175,381
New Hampshire	240,540	240,540	240,540
New Jersey	1,082,997	1,082,997	1,082,997
New Mexico	514,663	514,663	514,663
New York	3,447,124	3,447,124	3,447,124
North Carolina	2,517,550	2,517,550	2,517,550
North Dakota	345,251	345,251	345,251
Northern Mariana Islands	63,180	63,180	63,180
Ohio	2,210,726	2,210,726	2,210,726
Oklahoma	1,057,218	1,057,218	1,057,218
Oregon	501,514	501,514	501,514
Pennsylvania	2,706,429	2,706,429	2,706,429
Puerto Rico	1,470,457	1,470,457	1,470,457
Rhode Island	305,135	305,135	305,135
South Carolina	1,522,310	1,522,310	1,522,310
South Dakota	389,846	389,846	389,846
Tennessee	1,977,278	1,977,278	1,977,278
Texas	4,238,109	4,238,109	4,238,109
Utah	313,783	313,783	313,783
Vermont	236,165	236,165	236,165
Virgin Islands	63,885	63,885	63,885
Virginia	1,689,026	1,689,026	1,689,026
Washington	690,711	690,711	690,711
West Virginia	976,565	976,565	976,565
Wisconsin	965,005	965,005	965,005
Wyoming	190,495	190,495	190,495
Subtotal	61,174,440	61,174,440	61,174,440
Fed'l Admin	256,560	256,560	256,560
Total	61,431,000	61,431,000	61,431,000

**APPROPRIATION FOR PAYMENTS TO STATES
INTEGRATED PEST MANAGEMENT, FY 1994 - 1996**

Smith-Lever Act: Section 3(d)	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>
Alabama	\$243,941	\$268,941	\$268,941
Alaska	42,900	67,900	67,900
American Samoa	11,000	36,000	36,000
Arizona	87,000	112,000	112,000
Arkansas	263,243	288,243	288,243
California	253,100	278,100	278,100
Colorado	87,000	112,000	112,000
Connecticut	55,000	80,000	80,000
Delaware	55,000	80,000	80,000
Florida	155,200	180,200	180,200
Georgia	332,610	357,610	357,610
Guam	11,000	36,000	36,000
Hawaii	55,000	80,000	80,000
Idaho	87,000	112,000	112,000
Illinois	253,100	278,100	278,100
Indiana	190,400	215,400	215,400
Iowa	253,100	278,100	278,100
Kansas	155,200	180,200	180,200
Kentucky	87,000	112,000	112,000
Louisiana	271,600	296,600	296,600
Maine	87,000	112,000	112,000
Maryland	87,000	112,000	112,000
Massachusetts	87,000	112,000	112,000
Michigan	155,200	180,200	180,200
Micronesia	11,000	36,000	36,000
Minnesota	221,200	246,200	246,200
Mississippi	325,902	350,902	350,902
Missouri	229,489	254,489	254,489
Montana	87,000	112,000	112,000
Nebraska	221,200	246,200	246,200
Nevada	42,900	67,900	67,900
New Hampshire	55,000	80,000	80,000
New Jersey	87,000	112,000	112,000
New Mexico	55,000	80,000	80,000
New York	121,100	146,100	146,100
North Carolina	237,541	262,541	262,541
North Dakota	87,000	112,000	112,000
Northern Mariana Islands	11,000	36,000	36,000
Ohio	221,200	246,200	246,200
Oklahoma	230,900	255,900	255,900
Oregon	121,100	146,100	146,100
Pennsylvania	121,100	146,100	146,100
Puerto Rico	36,300	61,300	61,300
Rhode Island	42,900	67,900	67,900
South Carolina	209,965	234,965	234,965
South Dakota	87,000	112,000	112,000
Tennessee	191,079	216,079	216,079
Texas	632,730	657,730	657,730
Utah	55,000	80,000	80,000
Vermont	42,900	67,900	67,900
Virgin Islands	11,000	36,000	36,000
Virginia	121,100	146,100	146,100
Washington	121,100	146,100	146,100
West Virginia	42,900	67,900	67,900
Wisconsin	155,200	180,200	180,200
Wyoming	55,000	80,000	80,000
Subtotal	7,656,400	9,056,400	9,056,400
Special Projects	802,600	1,890,600	5,943,600
Total	8,459,000	10,947,000	15,000,000

COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE

STATUS OF PROGRAMS

EXTENSION PROGRAMS

Current activities, progress and programs under the extension appropriation items are outlined below:

PAYMENTS UNDER SMITH-LEVER SECTIONS 3b&c

Federal contributions for Cooperative Extension work are primarily derived from Section 3b&c formula funds appropriated under the Smith-Lever Act of 1914. These funds comprise 62% of the total Federal funding and are mainly used to fund Base Programs. These are the major educational efforts central to the mission of the Cooperative Extension System (CES) and common to most Extension units.

CURRENT ACTIVITIES

Smith-Lever Sections 3b&c formula funds support the Base Programs of Extension. The Base programs are a set of dynamic, changing, results-oriented educational activities that receive significant resources throughout the System on national, state and local levels. The programs form the ongoing priority educational efforts, involving discipline based and multidisciplinary subject-matter content. These programs can be thought of as the foundation of a building with the National Initiatives rising from the base to receive special emphasis for a specific period of time. The current Base Programs are:

- o Agricultural Competitiveness & Profitability
- o Community Resource & Economic Development
- o Family Development & Resource Management
- o 4-H and Youth Development
- o Leadership and Volunteer Development
- o Natural Resources & Environmental Management
- o Nutrition, Diet & Health

Additionally, Federal appropriations provide for a system focused on the education of youth and adults, the application of knowledge and technology, and delivery of information to millions of farm businesses, natural resources managers, Federal, state, and local governments, and consumers throughout the Nation.

Agricultural Competitiveness & Profitability - Educational programs emphasize systems approaches that maintain and enhance profitability through the application of sound crop and animal production practices, farm business management, marketing, decision-making skills, and environmental considerations are the focus. These problem oriented programs transfer latest proven technologies to clientele and promote optimum use of resources consistent with environmental and family goals.

Community Resource & Economic Development - Educational programs target development of all community resources, emphasizing economic viability. The purpose is to teach comprehensive community economic analysis to help communities create strategies to strengthen existing employers, attract new enterprises, and encourage local entrepreneurship. Programs include community services and facilities, housing, and human development through leadership and public policy awareness.

Family Development & Resource Management - Programs help individuals and families develop the competencies to become healthy, productive, financially secure, environmentally responsible members of society. Education is targeted to the management of resources, including money, time, apparel, housing, and energy;

strengthening individual and family relationships; providing quality care for children; and maximizing independence of the elderly.

4-H & Youth Development - Current activities focus on building lifelong learning skills that develop youth potential. This extensive set of programs is designed to engage youth in healthy learning experiences, including self-esteem and problem solving skills. Programs address stress management, self-protection, parent-teen communication, personal development, careers, outreach and interchange, and global understanding. A wide range of content offerings encourage youth to explore science, technology, and citizenship and to look at the issues confronting their world today.

Leadership & Volunteer Development - Programs emphasize developing life skills, especially leadership. Leadership and volunteer programs empower participants to improve their self-esteem and life skills and strengthen communities in which they work and live. Volunteers multiply program impacts, expand public policy education and improve community organization and leadership.

Natural Resources & Environmental Management - Current activities focus on programs on management, use, and sustainability of natural resources with special attention to environmental stewardship and biodiversity. Programs encompass soil, water, air, and plant management; fish and wildlife management, aquaculture, conservation, and forestry, sustainable use and management of rangelands, wetlands, and wildlands; land use planning; and use of information systems.

Nutrition, Diet, & Health - Educational program provides individuals and families with a knowledge base to make informed decisions about food, nutrition and health. Objectives include helping people achieve and maintain optimum weight and reduce risk of chronic disease, give birth to healthy babies, practice responsible and healthy self-care and improve consumer's ability to make informed choices related to food safety, quality and composition. Programs are shaped by the Nation's dramatic changes in family structure and lifestyle and are targeted for the nutritionally vulnerable.

SELECTED EXAMPLES OF RECENT PROGRESS

An example of Extension programs addressing recent national concerns would be the response by the Georgia Cooperative Extension Service at both the University of Georgia and Fort Valley State College during July 1994 as hurricane/tropical storm Alberto moved into west central and north central Georgia. County Extension agents representing the entire flooded area were involved in frequent conference calls to provide front line, field orientation of the exact educational needs of the victims. A total of 209 radio reports, voice and prints, were called to stations in the targeted flood areas. Sixty-five stations called the Extension toll-free news line for flood reports. Extension editors were given unlimited access to news broadcasts and produced public service announcements within the first 72 hours of the disaster. Extension produced a video targeted to victims in Red Cross shelters focused on the information needed about returning home after the flood. Over 20,000 copies of Extension publications concerning flood related information and dealing with the problems of the aftermath were distributed statewide.

The Agriculture Base Program for CES plays a major role in helping the agricultural sector adopt new technologies and innovations. Today CES is addressing issues associated with the social and environmental impacts of these technologies. Soil erosion, increased international competition, and changing consumer preferences contribute to the need for a more balanced and sustainable American agriculture system. The challenge faced by CES is to help American farmers and ranchers learn to operate whole farm and ranch systems that are sensitive to consumers, environmentally benign, oriented to global marketing trends and reflective of increasing safety and quality consciousness

In Louisiana, agronomic and horticulture crops, forestry, and animal enterprises, including fisheries, contributed \$7.9 Billion to the State's economy in gross farm income and added value. Extension has over 20 agricultural and commodity base programs contributing to these significant agricultural production economic viability efforts.

The Community Resource and Economic Development Base Program has several major national program efforts. "OurTown" is a community and tourism development program undertaken by Utah State University and partnered with several other Federal agencies. It has a database marketing component and a technical assistance component that has recently been available for use throughout the Extension system.

Six states (Texas, Oklahoma, Colorado, Utah, Arizona, and New Mexico) agreed to implement a model program for community and resource development targeted to community investment, mini-grants, and access to community development teams on a national scale.

"SPARCS" - Strengthening Partnerships for Active Rural Communities is a recent program funded with CES and other USDA and Federal agencies and four southwest states to develop enterprise grants and create business retention and expansion programs for small communities.

Natural Resources and Environmental Management (NREM) programs have recently focused on Waste Management to help consumers define responsible environmental concerns and assist communities in dealing with this national issue. CES has assisted many states developing decision makers policy guides and technical curriculum for county agents and local officials on waste management options. Train the Trainer programs for composting, electronic databases and workshops have been established and conducted nationwide. All states have designated a NREM contact. Approximately 250 FTE's within the CES are addressing these issues.

During 1994, extension activities utilized a Nutrition, Diet, and Health program that included two nationwide videoconferences and developed a teaching guide on health care reform issues; an early childhood immunization partnership was established with Federal and national non-profit immunization promotion programs; work was begun on a model program on community strategic planning for health services; and CES partnerships were established or maintained with the HHS Office of Rural Health Policy, Centers for Disease Control and various national health organizations.

PAYMENTS UNDER SMITH-LEVER SECTION 3d

Other sources of Federal funding include the Smith-Lever section 3d or targeted funds which comprise 26% of the total 1994 Federal contribution. These targeted funds are allocated to the States to address special programs or concerns of regional and national importance and are distributed through formulas and merit-reviewed projects.

CURRENT ACTIVITIES

The following Extension programs are funded under the Smith-Lever 3d funding mechanism:

Expanded Food and Nutrition Program (EFNEP) - Funds are used to provide low-income families information to increase nutrition knowledge and improve nutritional practices. EFNEP funds are distributed to the States and territories on the basis of a formula of persons living at or below 125% of the poverty level. Provisions are made for base funding to all States.

Pest Management - This program consists of two major components: integrated pest management (IPM) and cotton pest management. IPM, active in all States as well as Guam, Puerto Rico and the Virgin Islands, addresses the efficient control of pest complexes on crops and livestock and in urban situations. Cotton pest management

focuses on cotton insects and is an earmarked program in 11 States. Funds are distributed on the basis of a formula using boll weevil losses and pesticide sales in each State.

Pesticide Impact Assessment (PIA) - This program is part of a multi-agency program to collect and analyze objective and accurate data for defining and evaluating benefits and risks of selected pesticides having critical agricultural and forestry uses. PIA funds are generally distributed on a formula basis using farmer expenditures on pesticides and crop and livestock cash receipts.

Farm Safety - This program provides farm and ranch residents in all the States with information to assist in reducing and preventing agricultural related work incidents. These funds were distributed to the 50 States and Puerto Rico. Additionally, Extension works with States and the National Easter Seal Society in conducting AgriAbility projects designed to assist farmers with disabilities to stay in farming.

Rural Development Centers - This program provides funds at five regional centers in Pennsylvania, Mississippi, Oregon, Iowa and North Dakota. Programs are designed to improve the social and economic well being of rural communities in their respective regions.

Water Quality - This program provides education and information to assist producers and rural residents assess and reduce the impacts of agriculture on water quality. Funds are provided to States for demonstration projects, hydrologic unit area projects and other initiatives within the USDA Water Quality Plan.

Children, Youth, & Families At Risk - This program focuses on America's children, youth and families to help promote and provide positive, productive, secure environments and contributions to communities and the Nation. Project funds are distributed to each State and awarded competitively to focus on child care, science and reading literacy and building program and community capacity.

Indian Reservations Extension Agents - Projects are funded at over 17 sites throughout various Indian Reservations and State Extension Services. Focus is on providing assistance and educational programs in agriculture, community development, families and societal issues facing Native Americans. Projects are competitively awarded.

Nutrition Education Initiative - Initially funded in 1993, the Cooperative Extension System nutrition educators are conducting innovative nutrition education programs with families enrolled in USDA's Federal Supplemental Food Program for Women, Infants and Children (WIC). In order to address the objectives and goals of the Department's Nutrition Education plan and provide the outreach component of the Administration emphasis on increased WIC activity, projects were focused on the development, implementation, and replication of successful programs to address the needs of this ever growing clientele. Funds are distributed to States based upon the review and approval of a specific plan of work related to this initiative and 14 projects were funded in FY94 to begin developing more intensive program efforts to reach this targeted limited resource audience with nutrition education.

Sustainable Agriculture - Smith-Lever 3(d) funds for sustainable agriculture programs were initially provided in the FY 1994 Appropriations for Extension Service. These funds are used to address the activities described in Chapter 3 of Subtitle B of the FACT Act of 1990 to provide education and training for Cooperative Extension Service agents and other professionals involved in the education and transfer of technical information concerning sustainable agriculture. Funds are used for statewide planning of sustainable agriculture programs and competitively awarded projects on a regional basis.

Food Safety - Food Safety and Quality is a specific high priority area for Extension. The USDA Pathogen Reduction Program recognizes CES's role in education and has

identified CES as a cooperator for achieving specific goals, especially in pre-harvest pathogen reduction programs and education of food handlers and consumers. This complements the current CES priority areas of minimizing risks of foodborne illness through improper handling; increasing understanding of food-related risks and risk management. Funds are competitively awarded and distributed to each State for projects focused on food safety issues.

SELECTED EXAMPLES OF RECENT PROGRESS

Within the Expanded Food and Nutrition Education Program (EFNEP) programs such as HAVE A HEALTHY BABY in Indiana, GREAT BEGINNINGS in New Hampshire, and TEENAGE MOTHERS in Georgia have been developed and implemented. Initial evaluations are showing improvements in birthweights of babies and improved health practices of mothers. Indiana reported that, of almost 1,300 women in the program that delivered, 97.9% had babies born at normal birthweight. New Hampshire's program is showing an 85% increase in the participants' knowledge of nutrition issues specific to pregnant and parenting teens and 90% of the participants showed intention to change one or more behaviors. In Georgia, pre and post test scores showed that participants' knowledge of food and nutrition increased significantly. Extension has established a joint position with the Childrens Nutrition Research Center and ARS at the Baylor College of Medicine to enhance the transfer of knowledge from the research lab to the public in regards to the nutritional needs of pregnant women, mothers, babies and children.

Alabama reported that one-third of EFNEP adults and one-fifth of EFNEP youth were reached through TODAY'S MOM, a group program for limited resource pregnant women and teens. Only 9% of the infants born were of low birthweight.

During the past year Extension paraprofessionals in Iowa reached 2,766 families and 13,036 youth directly with EFNEP nutrition education through efficient operation of programming in 9 counties. Continual scanning of poverty and health risk indicators assist Extension in targeting the counties with the greatest need.

Integrated Pest Management (IPM) The program in Pennsylvania for sweet corn was expanded from 16 to 20 counties and from 23 to 35 growers. An IPM program for fly control in poultry houses was implemented and the IPM control program to manage tracheal and Varroa mites was continued.

IPM training for farmers in Minnesota was emphasized in 53 winter county meetings reaching nearly 2,400 farmers. These meetings were complemented by 32 demonstration plots focusing on: scouting corn rootworms; evaluating economic thresholds for potato leafhopper; control of problem weeds; and mechanical versus herbicide control of weeds.

Four Field Crop IPM Scout Training sessions in Nebraska trained 120 people in identification and management of problems associated with insects and mites, diseases, weeds, soil fertility and irrigation. Participants influenced crop and pest management decisions on over 700,000 crop acres within the state. Over 500 subscribers to the Northeast IPM Newsletter influenced IPM decisions on an estimated 3 million acres of crops in 1993. A statewide Urban Pest Management program, involving almost 30,000 participants and 48 clientele groups, was conducted by Extension to increase knowledge and application of sound IPM practices.

The Pesticide Impact Assessment (PIA) program in Wisconsin conducted an analysis of the benefits and efficacy of pesticides registered for vegetable crops. Assistance was provided in the development of the specific plant and pest modules for the Potato Crop Management computer software programs and the Wisconsin Integrated Systems Decision Oriented Management (WISDOM) software program that expanded the usefulness of these software programs. WISDOM is an example of an innovative delivery system and a truly integrated program developed by interdisciplinary cooperation.

The Water Quality programs have sustained educational efforts in 16 demonstration projects and 74 hydrologic unit projects, introduced Farm*a*Syst, a CES designed program to provide Extension, state environmental agencies, banks, consultants and farmers with the ability to assess risks of contamination of surface and groundwater, and partnered with the Environmental Protection Agency (EPA) to provide opportunities for States to receive EPA grants related to water quality issues.

Of the 57 States and territories, Extension Water Quality initiative efforts include 48 programs on nutrient management, 48 addressing pest management issues, 53 focused on animal waste management issues, 48 conducting programs on wellhead protection and 43 doing public education issues programming.

In Maine water quality programs in Oxford County, 13 farms participated in the nitrogen testing program and reduced N application by a minimum of 10,000 lbs/N. In Franklin county, participation doubled in 1993. Over 60 fields were tested for soil nitrates. In Waldo County, 165 soil nitrate samples were taken. An average of 60 lbs N/ac was reduced as a result of the program. Extension dairy specialists worked with 17 farms for a total of 820 acres. Two producers that had purchased urea to topdress corn returned the material to the dealer.

In 1994 Children, Youth & Families at Risk (CYFAR) Extension efforts, in Minnesota, established four National Networks in Child Care, Family Resiliency, Science and Reading Literacy, and Coalitions and are working together to form the National Children, Youth and Families Network. Over 95 community based projects and 5 state projects to strengthen communities were funded and a National Children, Youth and Families at Risk Conference was held in September. The Federal contribution was matched by over \$16 million from state and local resources, as well as over 13,000 adult and teen volunteers who contributed 487,000 hours valued at \$5.6 million to CYFAR Extension programs. Over 1,400 public and private agencies and organizations formed 230 community based coalitions. In the science and reading literacy programs, almost 50,000 youth participated with 38% showing literacy improvement.

In 1994, the Food Safety and Quality funds have allowed Extension to create model programs nationwide in four target areas: improved understanding of the scientific and policy bases of risk management for youth, adults and the media; enhanced use of the Food and Animal Residue Avoidance Database (FARAD); created HACCP models and training materials; and decreased the risk of food-borne illness for vulnerable individuals.

Extension has developed and implemented model education programs for institutional and commercial food service workers, small-scale businesses and red-meat processors. Materials and projects are being disseminated nationwide.

Kansas State University developed "Food Safety in Foodservice: a Public Policy Program" focused on ways to protect the health of people who eat food purchased away from home. At Pennsylvania State University, Extension professionals developed a "Learn Your Food Safety I.Q.", an educational module for child care providers to use in reducing risk of food borne illness. Montana State University Extension programs developed "Project Food Safety" involving youth in hands-on and critical thinking activities related to microbial contamination of food, pesticides and food, and food irradiation.

The funds appropriated for the Indian Reservation Extension Agents program are used in a variety of ways. Projects are developed, reviewed and agreed upon by the Reservation in which the program is carried out. In Arizona there are programs with the Colorado River Indian Tribes, Tri-State Navajo Nation, and the San Carlos Apache Indian Reservation. These programs encompass agriculture and youth development and focus on water use, new crops management, self-esteem, cultural and tribal contributions, and marketing.

The Tri-State (AZ, NM, UT) Navajo Nation project is an agricultural and youth program targeted at ag production and increasing profitability. In Florida, the program with the Seminole Tribe provides technical assistance, information and educational activities in cattle production, citrus grove development and management and food and nutrition concerns. Indian-Net, an electronic mail group formed in Washington acts as a system management network for these and other Extension Indian Reservation programs.

The Extension Sustainable Agriculture program involves almost 700 FTE's throughout the Extension System. In 1994, funds appropriated for sustainable agriculture in Extension were used for Chapter 3 Training Centers, training projects and educational materials for Extension personnel and other sustainable agriculture professionals. Training centers/consortia were established in four regions: Northeast at Pennsylvania State University, Southern at North Carolina State University, North Central at Michigan State University, and Western at the University of California-Davis. Nineteen Projects were selected for funding and each land-grant institution is developing a State strategic plan to deal with sustainable agriculture. State training coordinators have been established to work with the regional committees and others.

SAREP, the Sustainable Agriculture Research and Education Program is actively involved in a wide range of research projects and created a database on sustainable agriculture in California. The Cornell Extension Farming Alternatives Program (New York) focuses on organic and sustainable farming practices. PLANETOR, a computer program operating in almost 20 States, provides producers and ranchers with economic and environmental data essential for making informed decisions on sustainable farm operations.

Iowa Extension staff served as sustainable agriculture project coordinators for approximately 40% of projects in areas of education, socioeconomic, pest management, agroforestry and wildlife. Additionally, two educational delivery sustainable agriculture programs were established in central and eastern Iowa. These programs focused on urban and agriculture interfaces and in eastern Iowa on dealer programs involved in sustainable agriculture issues.

During 1993 and 1994 there has been a shift in the focus of the Farm Safety Extension programs. While continuing to support farm safety specialists at the State Extension Service, targets have been established to address the need for farm safety and health programs that effectively reduce the traumatic injury and death rates of farmers and farm families; reduce exposure to agricultural chemicals, noise, dust, etc. that have been shown to result in occupationally induced acute and chronic illnesses and injury. Additionally, the AgriAbility projects, designed to keep disabled farmers in agriculture, have provided direct education and assistance to over 2,000 farmers and ranchers. More than 2 million people learned of the projects and their results from attending a thousand agricultural or health related events.

PAYMENTS TO THE 1890 LAND-GRANT INSTITUTIONS AND TUSKEGEE UNIVERSITY

The Historically Black 1890 Institutions, within the partnership of the Cooperative Extension System are almost totally dependent on Federal funds to conduct their legislated responsibilities. Federal funds provide support for the educational base programs as well as implementing programs focusing on specific national initiatives. Funding for the Extension programs at the 1890 Land-Grant Institutions and Tuskegee University, (known collectively as the 1890's) primarily address the needs of small scale and minority agricultural producers and other limited resource audiences.

Section 1444 of the 1977 Farm Bill provides that the funds made available to the 1890's for Extension programs be distributed on the basis of a formula identical to the Smith-Lever 3(c) formula. These funds are used to maintain the Extension infrastructure at the 1890's and the partnership of the Cooperative Extension System.

CURRENT ACTIVITIES

The Extension programs currently conducted at the 1890's are designed to help diverse audiences, with emphasis on those with limited resources, to improve their quality of life through the application of educational, research-based information focused on critical issues and problems. The main programs target the small scale agricultural producer and provide the latest technology in a manner that can be easily utilized.

Limited resource families are confronted with numerous pressures that adversely impact the quality of life. The 1890's, with years of experience in working with limited resource audiences, are providing well designed educational programs to address the issues related to these families.

The recently completed 1890's Facilities Program provided almost \$48 million for the construction, renovation and upgrade of the facility and equipment needed to operate Extension programs. Prairie View A&M University (TX), Florida A&M University, and South Carolina State University have recently conducted dedication ceremonies for new Extension facilities. Currently, a 5-year, \$40 million facilities program for research and extension is in its third year of operation at all 17 1890 Institutions.

SELECTED EXAMPLES OF RECENT PROGRESS

At Florida A&M University Extension professionals have established Aquaculture programs to support small scale farmers and developed a system to evaluate the benefits of aquatic farming.

Langston University in Oklahoma is the site of the premier goat research and extension center. The efficient and effective production of these animals and other livestock is a major program for this 1890 Extension program.

The Cooperative Extension System has established a Center for Diversity at Kentucky State University to assist the total System in developing programs and addressing issues that concern the ever widening and diverse audience of the American public.

RENEWABLE RESOURCES EXTENSION ACT

The Renewable Resources Extension Act (RREA) provides funding for expanded natural resources education programs. Funds are distributed to all States for educational programs and provide for projects focused on addressing the Forestry Investment Plan of the President.

CURRENT ACTIVITIES

CES provides research based education about renewable natural resources to help landowners and land and forest managers sustain productivity and protect the environment on the 800 million acres of privately owned forests and rangelands. This is one third the total land area of the United States. Extension education enables renewable natural resources to be managed in a way that better serves individual owners, local communities, and the Nation.

SELECTED EXAMPLES OF RECENT PROGRESS

The Comprehensive Ranch Management for Profit (CRMP) program in Texas provides ranchers in 33 counties in the Rio Grande Plains with information needed to increase ranch profitability by improving enterprise combinations and marketing techniques. Several thousand ranchers have participated in demonstration site tours and programs to make CRMP a success. CRMP has become an umbrella program for interrelated projects that serve the specific needs of the producers in this region.

In Arkansas, RREA Extension educational programs for nonindustrial private forest landowners resulted in preharvest regeneration plans on almost 8,000 acres, resulting in regeneration cost savings of almost one-half million dollars.

The Kentucky Cooperative Extension Service conducted almost 800 educational activities on water supply, 1,300 on water quality, 800 on water conservation and 1,000 on water treatment. Training was conducted for all Extension agents. Information was provided to Kentucky residents in meeting the requirements of new solid waste legislation.

Over the last several years, RREA Extension activities have provided education to landowners that has resulted in earnings and savings of almost \$700 million. Wood industry firms have saved \$28 million through adoption of RREA practices. Fish and wildlife habitat has improved on over 100 million acres and 63 million acres of rangeland benefitted from education programs for ranchers.

AGRICULTURAL TELECOMMUNICATIONS

This program focuses on encouraging the development and utilization of an agricultural communications network to facilitate and strengthen agricultural extension, resident instruction, and research and domestic and international marketing of U. S. agriculture commodities and products.

CURRENT ACTIVITIES

The appropriations have been targeted to agricultural telecommunications programs designed to make telecommunications available to rural schools, universities and communities. To date, funding has been provided to over 40 land-grant institutions for program production in the areas of international marketing, natural resource coalition building, water quality, food safety, rural development, nutrition and biotechnology..

This program has facilitated the development of new, specialized courses for delivery via satellite systems with the Agricultural Satellite Corporation (AG*SAT), a consortium of 42 land grant universities in various States and through the Interim Interagency National Research and Education Network (IINREN).

SELECTED EXAMPLES OF RECENT PROGRESS

The University of Maine in cooperation with Experiment Stations, Forest Service- USDA, EPA and others, is delivering a satellite based program through public television and videotape, designed to increase public and professional awareness of how forest affect our water quality.

Cooperation between the University of Idaho and the University of Nebraska produced a satellite delivered seminar on child care to providers of child care services.

North Carolina A&T University, in cooperation with all 1890 Institutions, and the University of Fort Hare in South Africa, produced a program designed to teach small scale farmers marketing strategies to increase profits.

Ohio State University utilized ag telecommunications to provide state wide programming on agricultural economic issues and enhancing beekeeping operations.

In Virginia, curriculum development was completed in designing and producing two projects: (1) the intensive Wheat Management consisting of six videos, videoconferences, and a management guide, and (2) Rural Communities, a three semester hour graduate class on social and economic perspectives. This class was offered nationally through AG*SAT.

RURAL HEALTH AND SAFETY

A Rural Health and Safety project, initially funded in 1993, is being conducted by the Cooperative Extension System and the Community Colleges in the State of Mississippi and is addressing the problem of the shortages of rural health care professionals.

CURRENT ACTIVITIES

The project established the Mississippi Rural Health Corps, a program of fifteen community and Junior Colleges, to increase the number of nurses, licensed practical nurses and other health care professionals with up to three years commitment to work in a rural health care service and an Extension health education and community health service strategic planning program. The long-term goals of this project are to determine the feasibility of increasing the availability of health care professionals in rural areas, using state-of-the-art distance learning techniques, and to determine the effect of comprehensive health education and community health services strategic planning on rural communities' abilities to meet their family and individual health care needs.

SELECTED EXAMPLES OF RECENT PROGRESS

The project has enrolled approximately 400 health care profession students in the first year. Health fairs and other health education and screening efforts have begun to make the people of Mississippi aware of their health risk status and the need to adopt healthier lifestyles and risk reduction behaviors. The overall impact of the project on health care in the state will not be determined until these students graduate and matriculate into rural health care employment.

COOPERATIVE STATE RESEARCH, EDUCATION AND EXTENSION SERVICE

The estimates include proposed changes in the language of this item as follows: (new language underscored; deleted matter enclosed in brackets):

[Buildings and Facilities:]

[For acquisition of land, construction, repair, improvement, extension, alteration, and purchase of fixed equipment or facilities and for grants to States and other eligible recipients for such purposes, as necessary to carry out the agricultural research, extension, and teaching programs of the Department of Agriculture, where not otherwise provided, \$62,744,000, to remain available until expended (7 U.S.C. 2209b).]

No funding is proposed for this program in fiscal year 1996.

BUILDINGS AND FACILITIES

Appropriations Act, 1995	\$62,744,000
Budget Estimate, 1996	- -
Decrease in Appropriations	-62,744,000

SUMMARY OF DECREASES

Item of Change -----	1995 Estimated	Program Change	1996 Estimated
Buildings and Facilities	\$62,744,000	-\$62,744,000	- -
Total Available	62,744,000	-62,744,000	- -
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BUILDINGS AND FACILITIES

PROJECT STATEMENT
(On basis of appropriation)

Project	1994 Actual		1995 Estimated		Decrease	1996 Estimated	
	Amount	Staff: Years	Amount	Staff: Years		Amount	Staff: Years
ALABAMA:							
Poultry Sci. facil., :							
Auburn University .. :	- -		\$522,000		-\$522,000	- -	
ARIZONA:							
Agric. Research Com- :							
plex-Envir. Stress :							
Lab, University of :							
Arizona, Tucson ... :	\$800,000		- -		- -	- -	
ARKANSAS:							
Agriculture Building :	1,668,000		2,332,000		-2,332,000		
Carnell Hall Altern. :							
Pest Control Center :			946,000		-946,000		
Ctr. for Alter. Pest :							
Control Research, :							
Univ. of Arkansas . :	1,000,000		- -		- -	- -	
CALIFORNIA:							
Altern. Pest Control :							
Containment and :							
Quarantine Fac., :							
Univ. of CA. :	2,086,000		1,893,000		-1,893,000	- -	
COLORADO:							
Animal Reproduction :							
and Biotechnology, :							
Colorado State Univ.:	320,000		1,231,000		-1,231,000	- -	
CONNECTICUT:							
Ag Biotechnology :							
Lab, Univ. of CT .. :	(a)		568,000		-568,000	- -	
Chemistry Building, :							
Connecticut AES .. :	- -		(a)		- -	- -	
DELAWARE:							
Poultry Biocontain- :							
ment Laboratory :	329,000		1,420,000		-1,420,000	- -	
FLORIDA:							
Ag. Biotech. Inst., :							
Univ. of Florida .. :	276,000		- -		- -	- -	
Aquatic Res. Facil., :							
Univ. of Florida .. :	- -		(a)		- -	- -	
GEORGIA:							
Biocontainment Facil.:							
Univ. of Georgia .. :	1,685,000		2,396,000		-2,396,000	- -	
Ctr. for Advanced :							
Water Technology, :							
Savannah State Col- :							
lege :	- -		213,000		-213,000	- -	
HAWAII:							
Center for Applied :							
Aquaculture :	- -		3,581,000		-3,581,000	- -	
IDAHO:							
Biotech. Facility, :							
Univ. of Idaho :	- -		3,027,000		-3,027,000	- -	
ILLINOIS:							
Biotech. Center, :							
Northwestern Univ.. :	835,000		3,218,000		-3,218,000	- -	
Science Facility, :							
DePaul University . :	- -		435,000		-435,000		
INDIANA:							
Molecular & Cellular :							
Biotech. Facility, :							
Indiana University :	- -		300,000		-300,000	- -	
KANSAS:							
Plant Science Ctr., :							
Kansas State Univ. :	1,200,000		- -		- -	- -	
KENTUCKY							
Applied Research and :							
Man Power Training :							
Center :	(a)		897,000		-897,000	- -	
LOUISIANA:							
Red Meat Processing :							
Facility :	- -		71,000		-71,000	- -	
SE Research Station .:	- -		(a)		- -	- -	
MARYLAND:							
Institute for Nat. :							
Resources & Envir. :							
Science, Univ. of :							
Maryland :	1,669,000		1,893,000		-1,893,000	- -	
MASSACHUSETTS:							
Ctr for Hunger, :							
Poverty, Nutrition & :							
Policy, Tufts Univ. :	- -		5,709,000		-5,709,000	- -	

	1994 Actual	1995 Estimated	1996 Estimated	
Project	Amount	Staff: Years	Staff: Years	Decrease
	Amount	Staff: Years	Staff: Years	Amount
MISSISSIPPI:				
Biological Technology:				
Ctr. for Water and				
Resources, Univ. of				
Mississippi	\$94,000		\$1,420,000	-\$1,420,000
MISSOURI:				
Meat Science & Safety:				
Center	2,428,000		- -	- -
Center for Plant Bio-				
diversity, St. Louis:	(a)		757,000	-757,000
MONTANA:				
Bioscience Center,				
Montana State Univ. :	1,868,000		2,608,000	-2,608,000
NEVADA:				
Biochemistry and				
Biology Field Re-				
search Station,				
Univ. of Nevada ... :	- -		250,000	-250,000
Great Basin, Envir. :				
Res. Lab, U. of NV. :	- -		(a)	- -
NEW JERSEY:				
Plant Bioscience				
Fac., Rutgers Univ. :	2,189,000		3,785,000	-3,785,000
NEW MEXICO:				
Center for Arid Land				
Studies, New Mexico :				
State University .. :	798,000		1,420,000	-1,420,000
NEW YORK:				
New York Botanical				
Garden	2,613,910		3,785,000	-3,785,000
Cornell Univ., Re-				
search Greenhouse . :	- -		375,000	-375,000
NORTH CAROLINA:				
Bowman-Gray Center				
Wake Forest Univ... :	3,006,087		2,739,913	-2,739,913
NORTH DAKOTA:				
Animal Care Fac.,				
ND State Univ..... :	1,668,000		- -	- -
Food Processing Pilot:				
Plant, ND State Univ:	44,845		705,155	-705,155
Inst/Ag Health				
Science and Rural				
Medicine, Univ. of				
North Dakota	- -		650,000	-650,000
Inst/Ag Health Res.				
and Developmnt, Minot:				
State University ... :	- -		2,600,000	-2,600,000
OHIO:				
Lake Erie Soil &				
Water Research and				
Education Center .. :	263,000		229,000	-229,000
OKLAHOMA:				
Beef Cattle Research				
Facility	352,000		375,000	-375,000
Grain Storage Res. ... :				
& Extension Center .. :	- -		(a)	- -
OREGON:				
Regional Food In-				
novation Ctr.,				
Oregon State Univ... :	2,503,000		2,397,000	-2,397,000
Forest Ecosystem				
Research Laboratory :	- -		(a)	- -
PENNSYLVANIA:				
Center for Food				
Marketing, St.				
Joseph's University :	- -		9,362,000	-9,362,000
RHODE ISLAND:				
Bldg. Consolidation,				
Univ. of RI	- -		6,242,000	-6,242,000
SOUTH DAKOTA:				
Animal resource wing,				
SD State Univ. :	- -		(a)	- -
TENNESSEE:				
Nursery Crop Research:				
Station, Tennessee :				
State University .. :	324,000		88,000	-88,000
TENNESSEE:				
Ag., Biological and				
Envir. Research				
Complex, Univ. of				
Tennessee, Knoxville:	1,668,000		2,366,000	-2,366,000

Project	1994 Actual		1995 Estimated		Decrease	1996 Estimated	
	Amount	Staff: Years	Amount	Staff: Years		Amount	Staff: Years
TENNESSEE:							
Horticulture Public							
Service Research &							
Education Center,							
Middle Tennessee							
State University ..	\$287,000		- -		- -	- -	
Horse Sci & Teach Ctr:							
Middle TN State Univ:	- -		(a)		- -	- -	
TEXAS:							
Southern Crop Im-							
provement, Texas A&M:	584,000		508,000		-508,000	- -	
Biocontainment Facil.:							
Texas A&M University:	- -		(a)		- -	- -	
UTAH:							
Biotech Lab, Utah							
State University ..	775,000		387,000		-387,000	- -	
VERMONT:							
Rural Community							
Interactive Learn. Ctr:							
Univ. of Vermont	- -		(a)		- -	- -	
VIRGINIA:							
Agric. Biotechnology							
Facility, Virginia							
Polytechnic Inst. &							
State University ..	1,469,000		- -		- -	- -	
WASHINGTON:							
College of Veterinary:							
Medicine, Animal							
Disease Biotech Fac.:							
WA State Univ.....	4,679,000		4,292,000		-4,292,000	- -	
Wheat Research Facil.:							
Wash. State Univ. ...	- -		426,000		-426,000		
WISCONSIN:							
College of Natural							
Resources, Univ. of							
Wisconsin, Stephens							
Point	1,978,000		2,761,000		-2,761,000	- -	
WYOMING:							
Envir. Simulation							
Fac., Univ. of WY	1,001,000		1,182,000		-1,182,000	- -	
Reports on footnote							
(a) items	94,000		355,571		-355,571	- -	
Federal Admin. (3%)	[1,293,132]		[2,746,809]		[-2,746,809]	- -	
Total obligations ..	42,554,842	10	82,717,639	10	-82,717,639	- -	
Unobligated Balances:							
Available, start							
of year	(8,551,481)		(19,973,639)		19,973,639	- -	
Available, end							
of year	19,973,639		- -		- -	- -	
Total appropriation ...	53,977,000	10	62,744,000	10	-62,744,000	- -	

(a) Funds were provided to the Cooperative State Research Service for the purpose of reporting to Congress on the need for this facility. Actual funds are not earmarked for award to the institution.

Justification of Decrease

- (1) A decrease of \$62,744,000 for Buildings and Facilities (\$62,744,000 available in 1995).

Need for Change. These funds are earmarked for facilities at specific institutions in 1995. Keeping with the Administration's policy of awarding research and construction grants through a competitive merit-reviewed process, no additional Federal funding is being proposed in 1996.

Cooperative State Research, Education, and Extension Service
Status of Buildings and Facilities

The status of CSREES-supported buildings and facilities is as follows:

<u>Location and Facility</u>	<u>Year and Purpose</u>	<u>Funds Provided</u>	<u>Description</u>
<u>Auburn University, Auburn, AL</u> Poultry Science Facility	1995 Planning	522,000 (a)	Design work underway. Study will be conducted by CSREES in FY 1995 to determine need for facility.
<u>University of Arizona, Tucson</u> Environmental Stress Laboratory	1991 Report 1992 Planning and Construction 1993 Construction 1994 Construction Total	(a) 100,000 1,100,000 800,000 2,000,000	Design work complete; organizing for construction.
<u>University of Arkansas, Little Rock</u> Agriculture Building	1994 Planning and Construction 1995 Construction Total	1,668,000 2,332,000 4,000,000	Design work underway.
<u>University of Arkansas, Fayetteville</u> Restoration of Carnall Hall	1992 Report 1995 Planning and Construction	(a) 946,000	Preplanning work underway.
<u>Univ. of California, Davis/Riverside</u> Altern. Pest Control Containment and Quarantine Facility	1991 Report 1992 Planning and Construction 1993 Construction 1994 Construction 1995 Construction Total	(a) 207,000 178,000 2,086,000 1,893,000 4,364,000	Design work ongoing.
<u>Colorado State Univ., Fort Collins</u> Animal Reproduction and Biotech. Facility	1993 Report 1994 Planning 1995 Construction Total	(a) 320,000 1,231,000 1,551,000	Design work completed. Construction to begin in FY 1995.
<u>Connecticut Agric. Expt. Sta., New Haven</u> Renovation of Chemistry Building	1995 Report	(a)	Design work underway. Study will be conducted by CSREES in FY 1995 to determine need for facility.

<u>Location and Facility</u>	<u>Year and Purpose</u>	<u>Funds Provided</u>	<u>Description</u>
<u>University of Connecticut, Storrs</u> Agricultural Biotechnology Lab.	1994 Report	(a)	Design work underway.
	1995 Planning and Construction	568,000	
<u>University of Delaware, Newark</u> Poultry Biocontainment Laboratory	1993 Report	(a)	Design complete. Construction to begin in FY 1995.
	1994 Planning	329,000	
	1995 Construction	1,420,000	
	Total	1,749,000	
<u>University of Florida, Gainesville</u> Aquatic Research Facility	1995 Report	(a)	Design development phase underway. Study to be conducted by CSREES in FY 1995 to determine need for facility.
<u>Savannah State College, Savannah, GA</u> Center for Advanced Water Technology and Energy Systems	1991 Report	(a)	Design complete. Construction to begin when all funds are in hand.
	1992 Planning and Construction	136,000	
	1993 Construction	376,000	
	1994 Construction	213,000	(c)
	Total	725,000	
<u>University of Georgia, Athens</u> Biocontainment Facility	1988 Feasibility Study	50,000	Design complete. Construction to begin in FY 1995.
	1989 Construction	467,000	
	1990 Construction	985,000	
	1991 Construction	1,992,000	
	1992 Construction	25,000	
	1994 Construction	1,685,000	
	1995 Construction	2,398,000	
	Total	8,000,000	
<u>Oceanic Institute, Waimanalo, Hawaii</u> Center for Applied Aquaculture	1988 Planning and Construction	6,375,000	Site preparation complete.
	1994 Planning and Construction	2,086,000	(c)
	1995 Construction	1,495,000	
	Total	9,956,000	

<u>Location and Facility</u>	<u>Year and Purpose</u>	<u>Funds Provided</u>	<u>Description</u>
<u>University of Idaho, Moscow</u> Agricultural Biotechnology Facilities	1990 Report	(a)	
	1991 Planning and Construction	590,000	
	1992 Construction	500,000	Design complete. Construction underway.
	1993 Construction	431,000	(b)
	1994 Construction	835,000	(c)
	1995 Construction	1,781,000	(c)
	Total	4,117,000	
<u>DePaul University, Chicago, IL</u> Biological and Environmental Science Facility	1995 Planning and Construction	435,000	(a) Preliminary planning underway. Prior to award of funds, a study will be conducted by CSREES in FY 1995 to determine need for facility.
<u>Northwestern Univ., Evanston, IL</u> Biotechnology Center	1991 Report	(a)	
	1992 Construction	600,000	
	1993 Construction	517,000	Phase I completed and partially occupied. Phase II construction scheduled for completion in FY 1995.
	1994 Construction	835,000	
	1995 Construction	3,218,000	
	Total	5,170,000	
<u>Indiana University, Bloomington</u> Molecular and Cellular Biotech. Facility	1990 Report	(a)	
	1991 Planning and Construction	1,500,000	Construction underway.
	1992 Construction	2,750,000	
	1993 Construction	2,155,000	
	1994 Construction	300,000	(c)
	Total	6,705,000	
<u>Kansas State University, Manhattan</u> Plant Science Research Center	1987 Feasibility Study	50,000	(d) Facility completed. Dedication ceremonies took place on October 14, 1994.
	1989 Construction	1,350,000	
	1990 Construction	2,982,000	
	1991 Construction	3,731,000	
	1992 Construction	1,570,000	
	1993 Construction	1,353,000	
	1994 Construction	1,200,000	
	Total	12,216,000	

<u>Location and Facility</u>	<u>Year and Purpose</u>	<u>Funds Provided</u>	<u>Description</u>
<u>University of Kentucky, Princeton</u> Swine Development and Training Center	1994 Report 1995 Planning and Construction	(a) 897,000	Study conducted by CSREES in first quarter of FY 1995 to determine need for facility.
<u>Louisiana State Univ., Franklinton, LA.</u> <u>and Mississippi State Univ., Poplarville, MS</u> Animal Research Facilities	1995 Report	(a)	Pre-design work underway. Study to be conducted by CSREES in FY 1995 to determine need for facilities.
<u>Northw. St. Univ., Natchitoches, LA</u> Red Meat Processing Facility	1993 Report 1994 Planning and Construction	(a) 71,000	(c) Pre-design work underway.
<u>University of Maine, Orono</u> Food Science Facility	1995 Planning and Construction	(e)	Design work nearly complete. Study to be conducted by CSREES in FY 1995 to determine need for renovation.
<u>Univ. of Maryland, College Park</u> Institute for Natural Resources and Environmental Science	1991 Report 1992 Planning and Construction 1993 Construction 1994 Construction 1995 Construction Total	(a) 1,000,000 862,000 1,669,000 1,893,000 5,424,000	Design work underway. Construction to begin in FY 1996.
<u>Tufts University, Boston, MA</u> Center for Hunger, Poverty, Nutrition, and Policy	1991 Report 1992 Planning and Construction 1993 Construction 1994 Construction 1995 Construction Total	(a) 562,000 484,000 2,202,000 2,461,000 5,709,000	(c) (c) (c) (c) Final stages of municipal review. Zoning issue expected to be resolved by second quarter of FY 1995.
<u>University of Mississippi, Oxford</u> Center for Water and Wetlands Resources	1992 Planning and Construction 1993 Construction 1994 Construction 1995 Construction Total	(b) 100,000 86,000 94,000 1,420,000 1,700,000	Design work ongoing.

<u>Location and Facility</u>	<u>Year and Purpose</u>	<u>Funds Provided</u>	<u>Description</u>
<u>University of Mississippi, Oxford</u> National Food Service Mgmt. Institute	1995 Report	(a)	Study to be conducted by CSREES in FY 1995 to determine need for facility.
	1994 Report 1995 Planning	(a) 757,000	Design work ongoing.
<u>Missouri Botanical Garden, St. Louis</u> Center for Plant Biodiversity	1993 Report 1994 Planning and Construction	(a) 2,428,000	Design work ongoing.
	1989 Feasibility Study 1990 Planning 1991 Construction 1992 Construction 1993 Construction 1994 Construction 1995 Construction Total	50,000 247,000 1,250,000 1,062,000 915,000 1,868,000 2,608,000 8,000,000	Design work ongoing. Construction cannot begin until State matching funds are in hand.
<u>Montana State University, Bozeman</u> Bioscience Research Laboratory	1995 Planning and Construction	(f)	Facility is complete. Study to be conducted by CSREES in FY 1995 to determine need for two EcoCELLS.
	1992 Planning and Construction 1993 Construction 1994 Construction Total	250,000 215,000 250,000 715,000	Construction ongoing.
<u>University of Nevada, Reno</u> Whittell Biochemistry and Biology Field Research Station	1988 Feasibility Study 1989 Planning 1990 Planning 1991 Construction 1992 Construction 1993 Construction 1994 Construction 1995 Construction Total	50,000 250,000 89,000 2,544,000 3,044,000 2,623,000 2,189,000 3,785,000 14,574,000	Phase I construction nearly complete. Phase II design work underway.
		(f)	

<u>Location and Funding</u>	<u>Year and Purpose</u>	<u>Funds Provided</u>	<u>Description</u>
<u>New Mexico State Univ., Las Cruces</u> Center for Arid Land Studies	1993 Report	(a)	Design work underway.
	1994 Planning	798,000	
	1995 Planning and Construction	1,420,000 2,218,000	
<u>New York Botanical Garden, Bronx</u> Library/Herbarium	1991 Report	(a)	Design work nearing completion. Construction contract expected to be awarded in third quarter of FY 1995.
	1992 Planning and Construction	1,350,000	
	1993 Construction	3,697,000	
	1994 Construction	2,503,000	
	1995 Construction	3,785,000 11,335,000	
<u>Wake Forest Univ., Winston-Salem, NC</u> Center for Research on Human Nutrition and Chronic Disease Prevention	1990 Planning and Construction	(g)	Construction work ongoing.
	1992 Construction	2,853,000	
	1993 Construction	1,825,000	
	1994 Construction	3,684,000	
	1995 Construction	3,074,000 2,672,000 14,108,000	
<u>Minot State University, Minot, ND</u> Inst. for Agricultural and Rural Human Resource Development	1992 Planning and Construction	(b)	Phase I construction ongoing. Organizing for design of Phase II.
	1993 Construction	240,000	
	1995 Construction	1,939,000	
	Total	2,600,000 4,779,000	
<u>North Dakota State Univ., Fargo</u> Animal Care Facility	1991 Report	(a)	Design complete. Bidding phase underway.
	1992 Planning and Construction	250,000	
	1994 Construction	1,668,000	
	Total	1,918,000	
<u>Northern Cross Institute, NDSU, Fargo</u> Food Processing Pilot Plant	1992 Planning and Construction	(h)	Design work underway.
	1993 Construction	375,000 375,000 750,000	
	Total	(c)	

Location and Facility	Year and Purpose	Funds Provided	Description
<u>Univ. of North Dakota, Grand Forks</u> Inst. for Agricultural Health Science and Rural Medicine	1991	2,892,000	Construction work ongoing.
	1992	4,381,000	
	1993	1,864,000	
	1994	650,000	
	Total	(9,787,000)	
<u>University of Toledo, Toledo, OH</u> Lake Erie Soil and Water Rsch. and Education Center	1993	(a)	Design work nearly complete.
	1994	263,000	
	1995	229,000	
	Total	492,000	
<u>Oklahoma State Univ., Stillwater</u> Beef Cattle Research Facility	1993	(a)	Design complete. Bid documents being prepared.
	1994	352,000	
	1995	375,000	
	Total	727,000	
<u>Oklahoma State Univ., Stillwater</u> Grain Storage Research and Extension Center	1995	(a)	Study to be conducted by CSREES in FY 1995 to determine need for facility.
	Report		
<u>Oregon State University, Corvallis</u> Forest Ecosystem Research Lab.	1995	(a)	Study to be conducted by CSREES in FY 1995 to determine need for facility.
	Report		
<u>Oregon State University, Pacific NW</u> Regional Food Innovation Center	1992	(a)	Design work ongoing.
	1994	2,503,000	
	1995	2,397,000	
	Total	4,900,000	
	Report		
<u>St. Joseph's Univ., Phil., PA</u> Center for Food Marketing	1991	600,000	Design work underway.
	1992	2,710,000	
	1993	2,336,000	
	1994	1,950,000	
	1995	2,366,000	
	Total	9,962,000	

<u>Location and Facility</u>	<u>Year and Purpose</u>	<u>Funds Provided</u>	<u>Description</u>
<u>University of Rhode Island, Kingston</u> Coastal Inst. on Narragansett Bay	1990 Report	(a)	Design work complete. Construction to begin in FY 1996.
	1991 Planning and Construction	1,904,000	
	1992 Construction	500,000	
	1993 Construction	431,000	
	1994 Construction	3,109,000	
	1995 Construction	2,702,000	
	Total	8,646,000	(c)
<u>South Dakota State Univ., Brookings</u> Animal Resource Wing	1995 Report	(a)	Study to be conducted by CSREES in FY 1995 to determine need for facility.
	1995 Report	(a)	Study to be conducted by CSREES in FY 1995 to determine need for facility.
<u>Middle Tenn. St. Univ., Murfreesboro</u> Horse Science and Technology Ctr.	1993 Report	(a)	Architect scheduled to be hired in third quarter of FY 1995.
	1994 Planning and Construction	287,000	Construction work ongoing.
<u>Tennessee State Univ., McMinnville</u> Nursery Crops Research Station	1990 Planning and Construction	247,000	Design work nearly complete. Organizing for construction.
	1991 Construction	248,000	
	1992 Construction	426,000	
	1993 Construction	367,000	
	1994 Construction	324,000	
	1995 Construction	88,000	
	Total	1,700,000	
<u>University of Tennessee, Knoxville</u> Agricultural, Biological and Environmental Research Complex	1992 Planning and Construction	925,000	Study to be conducted by CSREES in FY 1995 to determine need for facility.
	1993 Construction	797,000	
	1994 Construction	1,668,000	
	1995 Construction	2,366,000	
	Total	5,756,000	
<u>Texas A&M University, College Station</u> Animal Biocontainment Facility	1995 Report	(a)	

<u>Location and Facility</u>	<u>Year and Purpose</u>	<u>Funds Provided</u>	<u>Description</u>
<u>Texas A&M University, College Station</u> Ctr. for Southern Crop Improvement	1993 Report 1994 Planning 1995 Construction Total	(a) 584,000 <u>508,000</u> 1,092,000	Phase II design nearly complete.
<u>Utah State University, Logan</u> Biotechnology Laboratory	1990 Report 1991 Planning and Construction 1992 Construction 1993 Construction 1994 Construction 1995 Construction Total	(a) 280,000 764,000 658,000 775,000 <u>387,000</u> 2,864,000	Phases I, II, and III complete. Phase IV construction and acquisition underway.
<u>University of Vermont, Burlington</u> Rural Community Interactive Learning Center	1995 Report	(a)	Study to be conducted by CSREES in FY 1995 to determine need for facility.
<u>Virginia Tech, Blacksburg</u> Agricultural Biotech. Center	Feasibility Study 1988 Planning 1989 Planning 1990 Planning 1991 Construction 1992 Construction 1993 Construction 1994 Construction Total	50,000 100,000 112,000 918,000 1,021,000 880,000 <u>1,469,000</u> 4,550,000	Construction underway.
<u>Washington State Univ., Pullman</u> Animal Disease Biotechnology Facility	1990 Report 1991 Planning and Construction 1992 Construction 1993 Construction 1994 Construction 1995 Construction Total	(a) 1,210,000 2,120,000 2,258,000 4,799,000 <u>4,172,000</u> 14,559,000	Veterinary teaching hospital under construction. Ceremonial groundbreaking for ADBF took place in October 1994; construction to begin in second quarter of FY 1995.
<u>Washington State Univ., Pullman</u> Wheat Research Facility	1995 Planning and Construction	(a) 426,000	Design work underway. Prior to award of funds, study will be conducted by CSREES to determine need for facility.

Location and Facility	Year and Purpose	Funds Provided	Description
<u>Univ. of Wisconsin—Stevens Point</u> Natural Resources Building	1992 Report	(a)	Design work complete. Organizing for construction.
	1993 Planning	86,000	
	1994 Planning and Construction	1,978,000	
	1995 Construction	2,781,000	
	Total	4,825,000	
<u>University of Wyoming, Laramie</u> Environmental Simulation Facility	1991 Report	(e)	Design work ongoing.
	1992 Planning and Construction	500,000	
	1993 Construction	431,000	
	1994 Construction	1,001,000	
	1995 Construction	1,182,000	
	Total	3,114,000	
Reports (a)	1990	296,000	
	1991	300,000	
	1992	150,000	
	1993	260,000	
	1994	94,000	
	1995	<u>270,000</u>	
	Total	1,100,000	

Footnotes:

- (a) Funds are provided to the Cooperative State Research, Education, and Extension Service for the purpose of reporting to Congress on the need for this facility.
- (b) Funds carried over to fiscal year 1993.
- (c) Funds carried over to fiscal year 1995.
- (d) Fiscal year 1987 funds carried over to fiscal year 1989 and awarded with construction funds appropriated in fiscal year 1989.
- (e) In fiscal year 1993, \$776,000 was appropriated to complete the Building Consolidation project in Prasque Isle. Pursuant to Congressional Report language during the fiscal year 1995 appropriations process, residual funds from fiscal year 1993 will be reprogrammed to the Food Science Facility project in Orono. On-site study will be conducted prior to the award of funds.
- (f) Pursuant to Congressional Report language during the fiscal year 1995 appropriations process, funds appropriated in fiscal year 1994 to complete the Whittell Biochemistry and Biology Field Research Station will be redirected to the construction of EcoCELLS in the Great Basin Environmental Research Laboratory, Desert Research Institute. On-site study will be conducted prior to the award of funds.
- (g) Funds carried over and awarded in fiscal year 1991.
- (h) Partial funding awarded for the purpose of hiring a design team; remaining funds carried over to fiscal year 1995.

ECONOMIC RESEARCH SERVICE

EXPLANATORY STATEMENT

The Economic Research Service (ERS) was established in 1961 principally under the authority of the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627). ERS performs work under one appropriation item--economic analysis and research.

1. The appropriation for "Economic Analysis and Research" includes research, situation and outlook analysis, staff analysis, and development of economic and statistical indicators in four areas--commercial agriculture, food and consumer economics, natural resources and environment, and rural economy.

ERS's mission is to provide economic and other social science information and analysis for public and private decisions on agriculture, food, natural resources, and rural America. ERS produces such information for use by the general public and to help the executive and legislative branches develop, administer, and evaluate agricultural and rural policies and programs. ERS produces economic information through a program of research and analysis on: domestic and international agricultural developments; statistical indicators of food and consumer issues and concerns, including nutrition education and food assistance, food safety regulation, determinants of consumer demand for quality and safety, and food marketing trends and developments; agricultural resource and environmental issues; and the effect of public and private actions and policies on national rural and agricultural conditions, including the transformation of the rural economy, the financial performance of the farm sector, and the implications of hanging farm credit and financial market structures.

Work performed for others, mostly USDA agencies, principally is analyses of the costs and benefits of alternative programs, policies, rules, and regulations.

ERS is headquartered in Washington, D.C. There are no field offices.

As of September 30, 1994, there were 685 permanent, full-time employees, and 24 permanent part-time employees.

ECONOMIC RESEARCH SERVICE
PERFORMANCE INDICATORS

	1994	1995	1996
	<u>Actual</u>	<u>Estimated</u>	<u>Estimated</u>
Staff Analysis	412	550	500
Bulletins	280	200	200
Articles or Papers	475	400	400
Inquiries from			
Outside Sources	50,500	50,000	50,000

ECONOMIC RESEARCH SERVICEAvailable Funds and Staff-Years1994 Actual and Estimated, 1995 and 1996

Item	1994		1995		1996	
	Actual		Estimated		Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Economic Research Service	\$54,863,000	672	\$53,526,000	586	\$54,665,000	586
<u>Obligations under</u>						
<u>Other USDA</u>						
<u>appropriations:</u>						
Agricultural Market- ing Service	180,543	2	160,000	2	160,000	2
Animal and Plant Health Inspection Service	45,643	--	--	--	--	--
Agricultural Research Service	75,643	--	--	--	--	--
Cooperative State Re- search, Education & Extension Service..	356,286	--	--	--	--	--
Executive Operations..	13,000	--	15,000	--	15,000	--
Farm Service Agency...	975,000	2	--	--	--	--
Food and Consumer Service.....	30,000	--	--	--	--	--
Food Safety and In- spection Service....	20,000	--	--	--	--	--
Foreign Agricultural Service.....	2,393,530	38	1,880,000	28	1,900,000	28
Grain Inspection, Packers and Stock- yards Administration:	31,000	--	--	--	--	--
National Agricultural Statistics Service...	5,000	--	5,000	--	5,000	--
Natural Resources Conservation Service:	143,543	--	--	--	--	--
Rural Housing and Com- munity Development Service.....	4,001,720	2	3,500,000	2	3,500,000	2
<u>Total, Other USDA</u>						
<u>Appropriations</u>	<u>8,270,908</u>	<u>44</u>	<u>5,560,000</u>	<u>32</u>	<u>5,580,000</u>	<u>32</u>
 Total, Agriculture Appropriations	<u>63,133,908</u>	<u>716</u>	<u>59,086,000</u>	<u>618</u>	<u>60,245,000</u>	<u>618</u>
<u>Other Federal Funds:</u>						
Congressional Budget Office	27,294	--	--	--	--	--
Corps of Engineers....	--	--	12,000	--	--	--
Department of Defense..	23,900	--	--	--	--	--
Department of Energy...	50,000	--	--	--	--	--
Environmental Protec- tion Agency.....	2,500	--	--	--	--	--
Fish and Wildlife Service.....	10,000	--	--	--	--	--
Forest Service.....	2,218	--	--	--	--	--
International Trade						

Item	1994		1995		1996	
	Actual		Estimated		Estimated	
	Amount	:Staff-:Years	Amount	:Staff-:Years	Amount	:Staff-:Years
Commission.....	--	: --	47,000	: --	--	: --
Total, Other Federal						
Funds	115,912	: --	59,000	: --	--	: --
<u>Non-Federal Funds:</u>						
User Fees	446,872	: 1	379,000	: 1	367,000	: 1
Massachusetts						
Institute of						
Technology.....	10,790	: --	--	: --	--	: --
Missouri University...	--	: --	50,000	: --	--	: --
North Carolina State						
University	526,500	: 1	111,000	: 1	115,000	: 1
Texas A&M University	33,200	: --	--	: --	--	: --
Total, Non-Federal						
Funds	1,017,362	: 2	540,000	: 2	482,000	: 2
Total, Economic						
<u>Research Service</u>	<u>64,267,182</u>	<u>: 718</u>	<u>59,685,000</u>	<u>: 620</u>	<u>60,727,000</u>	<u>: 620</u>

ECONOMIC RESEARCH SERVICE

Permanent Positions by Grade and Staff-Year Summary1994 and Estimated 1995 and 1996

Grade	FY 1994 Wash. DC	FY 1995 Wash. DC	FY 1996 Wash. DC
ES-6	1	1	1
ES-5	2	2	2
ES-4	3	3	3
ES-2	1	1	1
ES-1	1	1	1
Senior Level	1	1	1
GS-15	55	50	47
GS-14	133	127	120
GS-13	202	161	171
GS-12	96	85	85
GS-11	27	24	24
GS-10	1	1	1
GS-9	29	26	26
GS-8	38	34	34
GS-7	34	30	30
GS-6	41	36	36
GS-5	16	14	14
GS-4	3	3	3
GS-3	2	2	2
GS-2	1	1	1
Total Permanent Positions ...	687	603	603
Unfilled Positions			
end-of-year	2	---	---
Total, Permanent Employment,			
end-of-year	685	603	603
Staff-Year Ceiling.....	718	620	620

ECONOMIC RESEARCH SERVICE

CLASSIFICATION BY OBJECTS1994 and Estimated 1995 and 1996

	<u>1994</u>	<u>1995</u>	<u>1996</u>
Personnel Compensation:			
Headquarters	\$35,486,965	\$34,771,000	\$35,459,000
Field	--	--	--
11 Total personnel compensation	35,486,965	34,771,000	35,459,000
12 Personnel benefits	7,137,420	6,714,000	6,852,000
13 Benefits for former personnel	<u>363,848</u>	<u>1,175,000</u>	<u>33,000</u>
Total Personnel Compensation and Benefits.....	42,988,233	42,660,000	42,344,000
Other Objects:			
21 Travel	580,556	572,000	590,000
22 Transportation of things	16,688	16,000	16,000
23.3 Communications, utilities, and misc. charges	799,689	790,000	807,000
24 Printing and reproduction	341,819	325,000	337,000
25.2 Other services	1,057,178	1,001,000	1,262,000
25.3 Purchases of goods and services from Government accounts	4,356,301	4,137,000	5,201,000
25.5 Research and development contracts	2,521,266	2,134,000	2,175,000
26 Supplies and materials	632,965	602,000	621,000
31 Equipment	<u>1,408,277</u>	<u>1,289,000</u>	<u>1,312,000</u>
Total other objects	<u>11,714,739</u>	<u>10,866,000</u>	<u>12,321,000</u>
Total direct obligations	<u>54,702,972</u>	<u>53,526,000</u>	<u>54,665,000</u>

Position Data:

Average Salary, ES positions	\$110,940	\$114,512	\$117,032
Average Salary, GS positions	\$52,536	\$54,228	\$55,421
Average Grade, GS positions	11.7	11.7	11.7

ECONOMIC RESEARCH SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

1. For necessary expenses of the Economic Research Service in conducting economic research and analysis [service relating to agricultural production, marketing, and distribution] as authorized by the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627), and other laws, [including
2. economics of marketing; analyses relating to farm prices, income and population, and demand for farm products, use of resources in agriculture, adjustments, costs and returns in farming, and farm finance; research relating to the economic and marketing aspects of farmer cooperatives; and for analysis of supply and demand for farm products in foreign countries and their effect on prospects for United States exports, progress in economic development and its relation to sales of farm products, assembly and analysis of agricultural trade statistics and analysis of international financial and monetary programs and policies as they affect the competitive position of United States farm products, \$53,936,000] \$54,665,000. [: of which \$500,000 shall be available
3. for investigation, determination and finding as to the effect upon the production of food and upon the agricultural economy of any proposed action affecting such subject matter pending before the Administrator of the Environmental Protection Agency for presentation, in the public interest, before said Administrator, other agencies or before the courts: *Provided*, That this appropriation shall be available to continue to gather statistics and conduct a special study on the price spread between the farmer and the consumer:] *Provided [further]*, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225)[:] [*Provided further*, That this appropriation
4. shall be available for analysis of statistics and related facts on foreign production and full and complete information on methods used by other countries to move farm commodities in world trade on a competitive basis.]

The four changes eliminate language that has no practical effect on the agency's research and analysis program. ERS will continue to do the work specified by the deleted language provisions as part of its ongoing program. For example, analysis for EPA is now conducted by the National Agricultural Pesticide Impact Assessment Program (NAPIAP) in the Agricultural Research Service, to which ERS contributes funding.

ECONOMIC RESEARCH SERVICE

Appropriations Act, 1995.....	\$53,936,000
Budget Request, 1996	<u>54,665,000</u>
Increase in Appropriation	<u>729,000</u>

Adjustments in 1995:

Appropriations Act, 1995	53,936,000	
Executive Operations Transfer a).....	-388,000	
Departmental Administration Transfer b).....	<u>-22,000</u>	
Adjusted base for 1995		53,526,000
Budget Request, 1996		<u>54,665,000</u>
Increase from adjusted 1995		<u>1,139,000</u>

a) Pursuant to Secretary's Memorandum No.1010-1, dated October 20, 1994, the Economic Analysis Staff functions were transferred from this account to Executive Operations. Actual transfer of funds of \$388,000 is anticipated in 1995. On a comparable basis, the full annual cost of the activity is \$388,000 for 1995 and \$460,000 for 1996.

b) Pursuant to Secretary's Memorandum No.1020-42, dated September 26, 1994, the Department's EEO counseling function shall henceforth be performed solely by Departmental Administration-Office of Civil Rights Enforcement. Actual transfer of funds of \$22,000 is anticipated in 1995. On a comparable basis, the full annual cost of the activity is \$22,000 for 1995 and \$22,000 for 1996.

Summary of Increases and Decreases
(On basis of adjusted appropriation)

<u>Item of Change</u>	<u>1995</u> <u>Estimated</u>	<u>Pay Costs</u>	<u>Other</u> <u>Changes</u>	<u>1996</u> <u>Estimated</u>
Economic Analysis and Research	\$53,526,000	+\$826,000	+\$313,000	\$54,665,000

Project Statement
(On basis of adjusted appropriation)

Project	1994		1995		Increase	1996	
	Actual	Staff-	Estimated	Staff-		Estimated	Staff-
	Amount	Years	Amount	Years		Amount	Years
Economic Analysis and Research	\$54,702,972	672	\$53,526,000	586	+\$1,139,000	\$54,665,000	586
Unobligated Balance	160,028	--	--	--	--	--	--
Total available or estimate	54,863,000	672	53,526,000	586	+1,139,000	54,665,000	586
Transfer to Executive Ops..	334,000	3	388,000	4			
Transfer to Dept.Admin.-OCRE	22,000	--	22,000	--			
Total, Appropriation :	55,219,000	675	53,936,000	590			

JUSTIFICATION OF INCREASES AND DECREASES

(1) An increase of \$1,139,000 for economic analysis and research consisting of:

- (a) An increase of \$826,000 for pay costs which consists of \$155,000 for the annualization of the fiscal year 1995 pay raise and \$671,000 for the fiscal year 1996 pay raise.
- (b) An increase of \$323,000 which reflects a projected 3.0-percent increase in nonsalary costs.

These funds are needed to cover basic non-controllable costs to avoid a reduction in force while streamlining the agency. This increase will be used to maintain a current level of service associated with inflation, which will affect critical parts of our program.

- (c) A decrease of \$10,000 for FTS 2000 telephone system.

This decrease reflects lower long distance telecommunications prices due to price redeterminations in the FTS 2000 contracts.

ECONOMIC RESEARCH SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1994 and Estimated 1995 and 1996

	<u>1994</u>		<u>1995</u>		<u>1996</u>	
	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>
Alabama	\$10,000	- -	- -	- -	- -	- -
Arkansas	250,355	- -	- -	- -	- -	- -
California	69,200	- -	- -	- -	- -	- -
Colorado	140,000	- -	- -	- -	- -	- -
Connecticut	45,628	- -	- -	- -	- -	- -
District of Columbia	52,234,306	672	\$53,526,000	586	\$54,665,000	586
Florida	129,408	- -	- -	- -	- -	- -
Georgia	55,000	- -	- -	- -	- -	- -
Idaho	15,000	- -	- -	- -	- -	- -
Illinois	114,771	- -	- -	- -	- -	- -
Indiana	129,229	- -	- -	- -	- -	- -
Iowa	10,000	- -	- -	- -	- -	- -
Kansas	5,000	- -	- -	- -	- -	- -
Kentucky	90,000	- -	- -	- -	- -	- -
Louisiana	74,800	- -	- -	- -	- -	- -
Maryland	126,600	- -	- -	- -	- -	- -
Massachusetts	30,373	- -	- -	- -	- -	- -
Michigan	15,000	- -	- -	- -	- -	- -
Minnesota	57,000	- -	- -	- -	- -	- -
Missouri	153,795	- -	- -	- -	- -	- -
Montana	61,712	- -	- -	- -	- -	- -
Nebraska	20,000	- -	- -	- -	- -	- -
New York	80,000	- -	- -	- -	- -	- -
North Carolina	154,087	- -	- -	- -	- -	- -
Ohio	81,940	- -	- -	- -	- -	- -
Oklahoma	37,000	- -	- -	- -	- -	- -
Pennsylvania	59,457	- -	- -	- -	- -	- -
Texas	22,768	- -	- -	- -	- -	- -
Virginia	31,000	- -	- -	- -	- -	- -
Washington	306,043	- -	- -	- -	- -	- -
Wisconsin	93,500	- -	- -	- -	- -	- -
Undetermined	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>
Subtotal, Available or Estimate	54,702,972	672	53,526,000	586	54,665,000	586
Unobligated balance	<u>160,028</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>
Total, Available or Estimate	<u>54,863,000</u>	<u>672</u>	<u>53,526,000</u>	<u>586</u>	<u>54,665,000</u>	<u>586</u>

Note. Final distribution of ERS FY 1995 and FY 1996 funds by State has not been determined at this time.

ECONOMIC RESEARCH SERVICE

STATUS OF PROGRAM

The Economic Research Service (ERS) performs work under one appropriation item—economic analysis and research. Current activities and selected examples of recent progress are described briefly below.

ECONOMIC ANALYSIS AND RESEARCH

Current Activities: On October 1, 1994, ERS was reorganized from four to five divisions to carry out its economic analysis and research. ERS programs and plans for 1995 are highlighted below.

1. The Commercial Agriculture Division (CAD) analyzes domestic and foreign economic factors affecting markets for U.S. agricultural commodities. The program of work focuses on support for USDA and congressional needs for information, including basic data and knowledge, commodity and trade forecasts, analysis of policy and program alternatives, and special studies on domestic and international markets. Data indicators, forecasts, and special studies are disseminated to the public through a program of publications and data releases.

In 1995, CAD will focus on providing information that will facilitate discussions of the 1995 farm bill. Background publications on wheat, peanuts, cotton, rice, feed grains, oilseeds, tobacco, honey, sugar, dairy, export programs, and marketing orders and promotions will be prepared. The USDA baseline, for which CAD provides considerable analytical support, will also contribute to farm bill discussions. Based on past experience, CAD expects that ongoing analysis of current conditions in markets will also be requested as the debates develop. In addition to the farm bill, monitoring and analyzing existing and proposed trade agreements will receive high priority. CAD will continue to monitor the NAFTA agreement, provide analysis useful to discussions on expanding NAFTA, and provide background for the final debate on GATT. In addition, CAD anticipates providing special analyses on bilateral issues involving major trading partners, such as the European Union, Former Soviet Union, Japan, and China. Looking to issues that are rising in priority, CAD will expand its capacity to provide production and market analysis that undergirds ERS's analysis of environmental and food safety policies. Meanwhile, work on grazing fees, hazardous analysis of critical control points (HACCP), and similar issues will continue. And, CAD will continue to cooperate with USDA's Farm Service Agency and Grain Inspection, Packers and Stockyards Administration to provide special studies of crop insurance and grain quality.

2. The Food and Consumer Economics Division (FCED) provides economic research and analysis of consumer and food market issues. The creation of this new division reflects the increased importance attached to food and consumer issues in USDA's reorganization. The FCED program focuses on the performance of the U.S. food system and government food and market programs in meeting consumers need for high quality, nutritious, safe, and accessible food supplies. FCED research and analysis encompasses consumption determinants; consumer demand for food quality, safety, and

nutrition; food security; market competition; vertical coordination; nutrition education and food assistance programs; and food safety regulations. FCED develops and monitors indicators of individual, household, and market level food consumption, expenditures, and nutrients; food marketing costs, marketing margins, and farm-retail price spreads; and food safety hazards, their effects, and mitigation.

In 1995, FCED's research and analysis program will focus on five key issues: nutrition education, food security, food safety, international food product trade, and structural change in food product markets. In the area of nutrition education, USDA's programs will continue to be evaluated in collaboration with FNS. In addition, FCED's research will address what kind of information motivates changes in consumer behavior, the cost of healthy diets, the influence of food assistance programs on nutrition, and the implications of healthy diets for the food system. The issue of food security refers to consumers access to safe, nutritious food supplies at reasonable cost. FCED will begin a long term effort to understand the incidence of food insecurity and its causes. Food safety research in FCED will examine policy alternatives for reducing the risk of foodborne illness, through estimation of the benefits and costs of risk reduction. In collaboration with USDA's FSIS and APHIS, an interdisciplinary effort is underway to explore the potential of existing data to support risk assessment for microbial pathogens. International food product trade now dominates agricultural trade. The nature of these trade flows, their relationships to international investment and strategic behavior of food product firms, and their implications for consumers will be addressed. Structural change in food product markets refers to changing mechanisms for vertical coordination and increased firm strategic behavior. How these changes are meeting consumer's changing demands for product attributes will be examined.

3. The Information Services Division (ISD) manages, directs, and develops agencywide data, information, administrative, and computer training programs in support of the economic research and analysis mission of ERS. The mission of the division is to facilitate accomplishment of the ERS mission by delivering modern information technologies and resources to the desktops of ERS staff, training the staff to take maximum advantage of those technologies and resources, and developing and maintaining information and data dissemination systems to deliver the agency's products in an effective, efficient, and timely manner.

In 1995, ISD will further streamline delivery of ERS products to its clientele, through a variety of media, including the traditional print medium, but more and more through various electronic media, including the emerging national information superhighway. ISD will continue to develop and enhance ERS's technological infrastructure, improve information and data systems, and make further improvements in the technological skills and abilities of staff. ISD improvements in information technology will increase the efficiency, effectiveness, and timeliness of ERS's staff work, research, data collection, analysis, and information dissemination functions. ISD's work is critical to building and maintaining a powerful, analytic and communication environment needed to maintain ERS's preeminence as a source of comprehensive analysis and data on agricultural and rural economic conditions and trends.

4. The Natural Resources and Environment Division (NRED) conducts economic research on a broad range of resource, technology, and environmental issues. NRED's output portfolio consists of research monographs; staff analyses (for USDA and other policy officials); and data and information products (for both lay and technical audiences). NRED focuses on the environmental effects of commodity and trade policy; estimates the costs and benefits of environmental and natural resource policies; the economics of global change; the economics of farm production strategies (including crop residue management, alternative pest, and nutrient strategies); and tracks the status, conditions, and trends in resource use and valuation. NRED's technology program measures changes in agricultural productivity, analyzes technological innovation and adoption, and evaluates policies and other economic incentives that affect the development and supply of new technology.

In 1995, NRED's major activities research will include the following: Farm bill analysis, environmental valuation, global change, production strategies, and data development and information dissemination. As part of the farm bill analysis, NRED will estimate regional and aggregate effects of the economic and environmental impacts of changes in current commodity and conservation programs; examine the effectiveness of existing programs, such as Conservation Reserve Program, conservation compliance, and technical and financial assistance programs; and evaluate the economic effects of alternative policies to reduce environmental and health risks. This work is closely related to the overall farm bill analysis of ERS. In the area of environmental valuation, NRED analysts will establish economic values for the beneficial effects of conservation and environmental programs and policies, or alternatively, the costs associated with environmental degradation. Benefits and costs can then be used to assess economic and environmental tradeoffs among policy options and can be used to adjust the agricultural income accounts (environmental accounting). NRED analysts will investigate the consequences for U.S. agriculture and U.S. agricultural resources of changes in the global environment, including changes in resource availability, changes in resource quality, changes in technology, and changes in demographic trends; develop environmental links relevant to global food production such as deforestation, soil quality, water availability, and species diversity; and conduct research on global climate change and assess the impact of freer trade on environmental quality. Production strategies research will examine the economic determinants of chemical use in agricultural production, especially the role of non-chemical substitutes for pest control and integrated pest management (IPM); and estimate the cost (to farmers, and consumers, and the government) of adopting alternative nutrient and pest management techniques, crop residue management techniques, and other farming practices that provide environmental benefits. (This work is integrated with ERS's Food and Consumer Economics Division). Also, NRED will continue to improve data bases necessary to conduct economic analysis of natural resources, technology, and environmental issues; improve the timeliness and relevance of NRED's information and data dissemination products through the publication of Agricultural Resources and Environmental Indicators (AREI) and AREI updates; and provide briefings for policymakers and other USDA and Federal agency staff.

5. The Rural Economy Division (RED) program focuses on the economic and demographic forces that affect the well-being of rural people and communities. Accordingly, RED's agenda is shaped by the changing structure of rural America and agriculture. Central to RED's work is monitoring and analyzing conditions and trends affecting people, communities, businesses and industries, including farms and farming, and the overall rural economy. RED provides USDA policymakers and others information on the status of the farm sector and the health of the overall rural economy, makes macroeconomic forecasts, and assesses the implications of alternative public policies and programs. RED's analysis is designed to inform the discussion of public policy issues relating to rural development and agriculture.

In 1995, to better understand the industrial structure of the rural economy and its relationship to the national and international economies, RED will analyze and describe in a monograph the industrial structure of regions, county groupings, and industrial concentrations; analyze the economic and employment linkages within these economies and among industries; and analyze the roles of macroeconomic and trade policies in shaping the economic structure and opportunities in these local economies. The work will include using an expanded modeling capacity to monitor the effects of the implementation of the NAFTA and GATT agreements on the economic and employment linkages within these economies. Recognizing the continuing importance but declining level of Federal funding to rural areas over the last decade, RED will analyze the changing distribution of funds from Federal domestic programs and investigate the types of rural businesses, farm and nonfarm, that benefit most from the current Federal credit programs. Using data from the Farm Costs and Returns Survey, the financial performance and viability of farm businesses will be examined with special emphasis placed on identifying methods, such as borrowing, leasing, contracting, and off-farm work, that farmers use to accumulate capital. An extension of this work will examine how the various methods of capital accumulation influence the management and control of farms and the distribution of income. Parallel work will analyze changes in the structure of farm businesses and the linkages between farms and their local economy. Research focusing on the rural work force will examine basic and advanced skills required by rural firms and the effectiveness of rural schools in preparing rural youth for employment in these firms. To better understand the persistence of poverty in some rural areas, research will examine the role of factors such as migration and low community resources in hindering economic growth in areas with continuing high concentrations of poverty. Parallel analysis will examine why poverty declined much more in some counties than others in the 1970's and 1980's.

Selected Examples of Recent Progress: Recent accomplishments under this appropriation item are cited below.

1. Monitored emerging trade flows under NAFTA implementation. Implementation of the North American Free Trade Agreement on January 1, 1994 ushered in a new trading era for the United States, Mexico, and Canada. ERS established a monitoring task force to document and evaluate NAFTA implementation. Evaluation included describing key economic events and policy actions and analyzing trends in economic conditions that influence employment, regional growth, environmental and food safety issues, and

commodity trade. Key findings through the first 7 months of 1994 compared to a year earlier were that U.S. exports to Mexico were up 9 percent while imports from Mexico were up only 5 percent. NAFTA countries are displacing non-NAFTA markets in terms of increased share of trade. Initial job creation though small, was in line with long-run expectations of 50,000 jobs over 15 years. ERS analysis showed that performance through the first 7 months was consistent with USDA's earlier analyses that NAFTA would increase agricultural exports by \$2.6 billion and add 50,000 to 60,000 jobs above baseline levels after the transition period, and that imports from Mexico could be expected to be about \$700 million above the baseline level. In addition to the monitoring, ERS has initiated analysis to study the implications of expanding NAFTA to encompass a Western Hemisphere free trade area.

2. Assessed USDA conservation and water quality programs. ERS analyses of the Conservation Reserve Program, the Wetlands Reserve Program, Conservation Compliance, and USDA Water Quality Programs supported USDA's continuing efforts to improve environmental performance in agriculture. ERS research showed how farmers are likely to respond when CRP contracts expire and examined how land retirement can be used to provide cost-effective environmental benefits. ERS published several reports on water quality including an economic assessment of restricting atrazine (an herbicide) use in the Midwest, a report on the economics of nutrient management, and a report synthesizing alternative methods designed to value the environmental benefits from cleaner water. ERS worked with USDA's Soil Conservation Service to estimate the costs and benefits of cleaner water and provided an analysis of investment in agricultural conservation projects.
3. Analyzed the Uruguay Round agreement. ERS headed USDA's task force to analyze impacts of the GATT Uruguay Round agreement. The comprehensive analysis covered aggregate sector and individual commodity impacts for the United States and for selected commodities for 25 foreign countries. The task force prepared a USDA publication on Uruguay Round implications, *Effects of the Uruguay Round Agreement on U.S. Agricultural Commodities*. Briefings on results were provided for senior USDA officials, for the staffs of the congressional agriculture committees, and for the U.S. Agency for International Development.
4. Identified market opportunities under trade and economic reforms. ERS produced a series of reports that focus on short, medium, and longer term agricultural production, consumption, and trade in major countries and regions worldwide. Results show, for instance, that PROCAMPO reforms in Mexico which switches government support from the market price to a land based system will have the largest impact on the corn sector because lower prices will cause production declines and will lead to increased opportunities for U.S. corn sales. ERS results show that the GATT Uruguay Round agreement, which will lower import barriers in several Asian countries, will stimulate income growth, increasing Asia's imports in the range of \$2.4 billion to \$3.2 billion by the year 2005. Another result shows that China's accession to GATT would likely result in higher Chinese imports of edible oils and possibly wheat in the short run. In the longer term, accession would contribute to economic growth and higher meat consumption in China thereby

increasing the need for imported corn and oilseeds. Further, successful implementation of market reforms in the Former Soviet Union (FSU) republics would spur income growth and increase demand for poultry and pork imports. And, U.S. wheat and corn export opportunities increase as the effects of Uruguay Round limitations on subsidized European Union (EU) exports are realized by the year 2000.

5. Analyzed school lunch nutrition reforms. ERS examined the economic feasibility and potential impact of proposed nutrition reforms in the National School Lunch Program. The level of saturated fat in school lunches is a key factor. The ERS study encompassed agricultural commodity markets, foods served, meal costs, and nutritional content of meals and showed that school meals could be improved to meet the nutritional criteria set forth in the Dietary Guidelines for Americans at no increase in cost. The changes, including product reformulations and cooking techniques, could accommodate a wide variety of foods already served in schools. As a result, the potential impact on agricultural commodity markets was found to be minimal, particularly since only a small share of commodities are devoted to school lunches.
6. Analyzed food consumption in low-income households. A joint ERS and Human Nutrition Information Service study examined data from three surveys of food consumption in low-income households conducted in 1977/78, 1980, and 1987/88. The study focused on low income households because they tend to be at higher nutritional risk and are the recipients of most USDA food assistance programs. The study found that average food consumption for this population group increased during the 10-year period. Consumption of dairy products, poultry, fish, fresh fruits, frozen vegetables, fruit and vegetable juices, and beverages tended to increase while consumption of fats and oils, flours and cereals, bakery products, red meats, eggs, sugars and sweets, and canned vegetables tended to decline.
7. Completed a study of agricultural lenders. ERS completed a study on lending institutions that serve the agricultural sector. Results show that the Farm Credit System (FCS) and commercial banks specializing in agriculture are well positioned to serve the credit needs of the farm sector. Following FCS restructuring, the system has moved away from long-term lending to emphasize intermediate and short-term lending. As the commercial banking industry has consolidated, the number of agricultural banks has declined, but those that remain are among the most profitable within the industry and are successfully competing within their markets. Loans made by the life insurance industry are very large and often go to agribusiness and forestry concerns rather than to commercial farms. While growing in number, State-sponsored programs most often work through traditional lenders by providing subsidies while limiting the State's exposure to risk.
8. Examined the effects of salmon recovery in the Pacific Northwest. ERS analyzed the effect of Snake River salmon recovery management alternatives on agricultural production, profits, and resource use in the Northwest. For the Northwest region, adjustments in agricultural crop production reduce profit by less than \$10 million per year (less than 1 percent in baseline profit) under five of the seven management alternatives. The study also examined secondary impacts on regional income and employment that would result

from the adjustments in agricultural production. Between the 1987 baseline and full implementation of the recovery alternative, agricultural employment could decrease by 50 to 2,500 jobs (less than 1.0 percent to 7.0 percent), depending on the management alternative. Total employment could decrease by 600 to 5,000 jobs (less than .1 percent to about 1.0 percent).

9. Linked pesticide management and food safety. ERS worked with USDA's Agricultural Marketing Service to estimate consumer exposure to the risks of pesticide residues. These estimates help USDA and the Food and Drug Administration evaluate the relative risk of dietary exposure to pesticides for risk assessment, tolerance setting, and risk reduction activities. ERS has also linked these residue data to farm-level pesticide use data. The farm-level data provide State and crop-specific estimates of the extent of integrated pest management practices, and the link between these practices and pesticide use.
10. Published first nationwide study on adoption of Integrated Pest Management (IPM). The Administration has made IPM an important part of its legislative pesticide reform proposals and is committed to conducting research and promoting education efforts necessary to achieve the adoption of IPM on 75 percent of the Nation's crop acreage by the year 2000. ERS issued a report that documents, for the first time, IPM use among U.S. farmers at the national level. The report is based on data collected from surveys conducted over the 1991-1993 period. Currently, half of the Nation's fruit, vegetable, and field crop acres are under some level of IPM. Survey responses show low adoption of the more sophisticated IPM techniques. Inadequate knowledge of available IPM alternatives, too few crop consultants to deliver IPM services, and the higher managerial input necessary for IPM implementation are all impediments to adoption.
11. Assessed diverse origins of problems faced by rural minorities. Rural (nonmetro) African-American, Hispanic, and Native American populations all have relatively high rates of joblessness, low earnings, and high rates of poverty compared to the rural population as a whole. ERS research identified important differences among the minorities, reflecting their distinct histories, culture, and location. Unlike African-American and Hispanics, for instance, Native Americans are more disadvantaged by a lack of work than a lack of education. Less than half of rural African-American children live with two parents while over three fourths of Hispanic children live with both parents. These and other differences reinforce other research pointing to the diversity of rural people and the different origins of problems.
12. Provided leadership on electronic dissemination of information and data. ERS worked cooperatively with USDA's National Agricultural Statistics Service and the Albert R. Mann Library at Cornell University to develop a major agricultural economics and statistics data base on the worldwide Internet. Over 7,500 ERS and NASS data files covering all aspects of domestic and international agriculture are now available to Internet users across the Nation and around the world. This program is a model for other USDA agencies concerned with both short-term dissemination and long-term public access to government information and data.

13. Provided Federal Crop Insurance Corporation (FCIC) with analytic input. ERS analysis helped Congress, the FCIC, and the public understand the costs and benefits of a revenue insurance (or assurance) program for commodity revenue support. ERS also analyzed the Group Risk Plan, an area-based crop insurance program offered by FCIC. ERS developed estimates of FCIC loss ratios, adjusted to reflect "normal" weather conditions, and researched the feasibility of providing insurance for crops that are not currently insured by the FCIC.
14. Assessed implications of environmental policies for agricultural trade. ERS studied how environmental policies affect U.S. and world agricultural trade. A concern raised about NAFTA and GATT is that as they reduce trade barriers they increase opportunities for conflicts resulting from countries' different environmental standards. ERS investigations show that harmonization of environmental regulations rarely results in the acceptance of the highest or lowest preharmonization standards. According to ERS results, NAFTA will have a larger impact on the Mexican economy than on the U.S. economy. The ERS analyses examined the trade-offs under conditions where reduced subsidies that cut input use and the higher incomes that increase the demand for environmental quality are offset by increased export opportunities that, in turn, result in increased production of fruits, vegetables, and livestock thereby increasing the potential for pollution. The studies included assessment of the possible consequences of global climate change on agricultural production and trade. ERS analysis also showed that world production possibilities for crop and livestock increase under climate change scenarios.
15. Provided technical support for the new EZ/EC Program. ERS provided technical assistance to the interdepartmental effort launching the new Empowerment Zone/Enterprise Community (EZ/EC) program. The EZ/EC program is designed to revitalize distressed communities in the coming years. ERS input, based on the recent research, helped define flexible eligibility rules, zone boundaries, and selection criteria. ERS provided key input in reviewing the rural EZ/EC regulations, application materials, the planning guidebook, and technical assistance plans. In addition, ERS developed an options paper for evaluating the program and initiated, in cooperation with the University of Tennessee, a program evaluation plan to assess the experiences of the 3 rural EZ's and the 30 rural EC's over the next 10 years.
16. Assessed the agricultural and food situation in the Former Soviet Union (FSU). ERS has provided continual assessment of the agricultural and food situation in the FSU. This monitoring and analysis kept USDA policymakers informed about the varying food assistance needs and differing prospects for reform among the 15 FSU republics. It also provided a long-term outlook for U.S. agricultural exports to the FSU contributing to the development of USDA marketing programs that promote high-value products.
17. Provided a program of technical assistance to Eastern and Central Europe. ERS completed a third year of technical assistance to the countries of Eastern and Central Europe. The goal of this assistance has been to help the ministries of agriculture and affiliated institutes establish programs to forecast supply, demand, and prices for major commodity markets and to develop the capability to provide policymakers with analyses of costs and

benefits for alternative policies. During FY 1994, ERS focused on Poland and Bulgaria. In a companion farm income project, ERS worked jointly with USDA's National Agricultural Statistics Service and Extension Service to develop these countries capabilities to obtain survey information that can be adapted to measuring farm income.

18. Assessed prospects for global food production. ERS analyzed global food production prospects into the next century. The analysis showed a reasonable balance between food production and food needs on a global basis. The study contributed to USDA testimony concerning world food supply and to a food aid needs assessment report that focused on food problems in sub-Saharan Africa. ERS also studied long-term prospects for Chinese agriculture, providing a balanced outlook for China in world agricultural commodity markets. Rather than confirming media headlines that China would need massive imports, the ERS study shifted attention to a more likely scenario of improved prospects for U.S. agricultural exports to China.
19. Linked farm organization and operator characteristics to production costs. ERS research found that production cost variation among U.S. corn growers is related to farm organization and operator characteristics. Among farm organizational characteristics, specialization in production, land tenure, irrigation, crop rotation, and expense structure of the farm were significant determinants of the cost of producing a bushel of corn. Operator age and occupation were significant operator characteristics. Producers whose major occupation was farming were found to have production costs that averaged 47 cents per bushel lower than producers whose major occupation was not farming.
20. Compared the structures of U.S. and Canadian agriculture. ERS researchers cooperated with researchers from Statistics Canada, Agriculture Canada, and university researchers in the United States and Canada, to study changes in the structure of agriculture and the forces driving these changes in both countries. The results contribute to ERS's monitoring of the implementation of NAFTA by providing a "before NAFTA" benchmark. This will help in assessing the impact of NAFTA on the structure of agriculture and the potential implementation problems that may arise over the coming years. The analysis suggests that strong pressures to harmonize the structure of agriculture across the two countries existed well before the ratification of NAFTA. These pressures are likely to intensify as various provisions of NAFTA are phased in.

NATIONAL AGRICULTURAL STATISTICS SERVICE

EXPLANATORY STATEMENT

The USDA published its first crop report in 1863, and further strengthened this responsibility in 1905 by creating the Crop Reporting Board (now the Agricultural Statistics Board). Today, the major responsibility for collecting and publishing current statistics on the Nation's food and agriculture is carried on by the National Agricultural Statistics Service (NASS). These responsibilities were authorized under the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627).

NASS's statistics keep those involved with America's biggest industry well informed, help provide the basic information necessary to keep agricultural markets stable and efficient, and help maintain a "level playing field" for users of agricultural statistics.

NASS programs are conducted in the following major areas:

1. Agricultural Estimates. NASS State Statistical Offices regularly survey thousands of operators of farms, ranches, and agribusinesses who provide information on a confidential basis. These scientifically designed surveys provide the basis for developing estimates of production, supply, price, and other aspects of the agricultural economy. Official USDA national, State, and county estimates and reports are issued relating to acreage, types and production of farm crops; number of livestock on farms and of livestock products, stocks of agricultural commodities, value and utilization of farm products, farm labor, prices received and paid by farmers, agricultural chemical use, and on other subjects as needed. The State Offices forward the estimates to NASS headquarters where they are combined and released at scheduled times to the press and public through the Agricultural Statistics Board. Annually, NASS publishes over 400 national reports which cover more than 120 crop and 45 livestock items, and which are complemented by additional State reports. These basic and unbiased data are necessary to maintain an orderly association between the consumption, supply, marketing, and input sectors of agriculture.
2. Statistical Research and Service. Research is conducted to improve the statistical methods and techniques used in developing U.S. agricultural statistics. The highest priority of the research agenda is to aid the NASS estimation program through development of better estimators at lower cost and with less respondent burden. This means greater efficiency in sampling and data collection coupled with higher quality data upon which to base the official estimates. In an environment of escalating demand for statistical information but shrinking resources, continued service to users will be increasingly dependent upon methodological and technological efficiencies.
3. Work Performed for Others. Services are performed for other Federal and State agencies and private commodity organizations on a reimbursable basis. These services consist primarily of conducting surveys and performing related data collection activities. They also include technical consultation, support, and assistance for international programs under participating agency service agreements.

The National Agricultural Statistics Service maintains a central office in Washington, D.C., and a network of 45 field offices, serving all 50 States, that operate through cooperative agreements with State Departments of Agriculture or universities. As of September 30, 1994, the Service had 1,056 permanent full-time employees and 59 part-time employees, including 374 full-time and 32 part-time employees in Washington, D.C.

NATIONAL AGRICULTURAL STATISTICS SERVICE

PERFORMANCE INDICATORS

	1994 <u>Actual</u>	1995 <u>Estimated</u>	1996 <u>Estimated</u>
Number of questionnaires tabulated <u>1</u> /.....	2,184,983	2,180,000	2,186,000
Percentage of reports issued that meet scheduled release date <u>2</u> /..	99.2%	99.7%	99.9%
Timeliness of report releases <u>3</u> /..	26.0 days	25.0 days	24.0 days

1/ A measure of workload; all NASS offices.

2/ To measure success of NASS in meeting scheduled release dates; all national reports.

3/ To measure the amount of time between the start of data collection and release of report, counting all days. Includes: Quarterly Agricultural, Agricultural Labor, Agricultural Yield, Cattle, and Cattle on Feed Surveys and reports.

NATIONAL AGRICULTURAL STATISTICS SERVICE

Available Funds and Staff-Years

1994 Actual and Estimated, 1995 and 1996

Item	1994		1995		1996	
	Actual		Estimated		Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
National Agricultural Statistics Service.....	\$81,497,540:	1,007:	\$80,995,000:	1,003:	\$89,837,000:	1,028:
Obligations under Other	:	:	:	:	:	:
USDA appropriations:	:	:	:	:	:	:
Agricultural Marketing Service for pesticide work and data on milk prices.....	308,900:	4:	219,000:	3:	219,000:	3:
Agricultural Research Service for survey review, and soybean objective yield yield samples.....	63,400:	1:	60,000:	1:	60,000:	:
Animal and Plant Health Inspection Service for animal health monitoring system and data on animal damage control:	420,000:	5:	420,000:	5:	420,000:	5:
Departmental Administration for consulting on human resources and organizational development	32,973:	1:	49,000:	1:	49,000:	1:
Economic Research Service for data on area studies, cropping practices, farm costs and returns, land values and water quality	2,690,500:	34:	3,400,000:	41:	3,400,000:	41:
Executive Operations for printing, and lockup support	6,902:	--:	7,000:	--:	7,000:	--:
Farm Service Agency for acreage and yield production data on insured crops, feed grain county estimates, and an agency customer satisfaction survey.....	1,151,500:	14:	1,095,000:	13:	1,095,000:	13:
Food and Consumer Service for a review of requests for proposals by vendors to conduct a customer satisfaction survey..	2,300:	--:	--:	--:	--:	--:
Foreign Agricultural Service for a survey on customer satisfaction	--:	--:	20,000:	--:	20,000:	--:

Item	1994 Actual		1995 Estimated		1996 Estimated	
	Amount	Staff- Years	Amount	Staff- Years	Amount	Staff- Years
Forest Service for data on grazing fees:	45,000	--	45,000	--	45,000	--
Natural Resources Conservation Service:						
for personnel detail:	65,000	1	13,000	--	13,000	--
Total, Other USDA Appropriations....	4,786,475	60	5,328,000	64	5,328,000	63
Total, Agriculture Appropriations...	86,284,015	1,067	86,323,000	1,067	95,165,000	1,091
<u>Other Federal Funds:</u>						
Commerce, Department of, for upgrading computer assisted interviewing software and reviewing data for Census of Agriculture.....	751,000	5	265,000	--	265,000	--
Environmental Protection Agency for data on agroecosystems and water quality.....	220,000	3	209,000	3	209,000	3
Interior, Department of, for data on grazing fees and a user needs assessment survey.....	118,500	1	83,000	1	83,000	1
International Trade Commission for a survey of tomato and bell pepper growers:	11,000	--	--	--	--	--
Labor, Department of for assistance on research on computer assisted telephone interview techniques.....	250,000	--	225,000	--	225,000	--
National Institute of Occupational Safety and Health for data on farm safety and health.....	188,773	2	190,000	2	190,000	2
Foreign Agricultural Service (from AID) for training, technical assistance, equipment and personnel detail....	983,597	10	1,000,000	11	1,000,000	11
Total, Other Federal Funds.....	2,522,870	21	1,972,000	17	1,972,000	17
<u>Non Federal Funds:</u>						
State Agencies for survey work.....	1,737,037	21	1,700,000	21	1,700,000	21

Item	1994		1995		1996	
	Actual		Estimated		Estimated	
	Amount	Staff- Years	Amount	Staff- Years	Amount	Staff- Years
Misc. Contributed						
Funds for distribu-						
tion of crop						
releases and data						
tapes, data on hops,						
land malting barley,						
oats, wheat, fruit,						
beef, wool, a survey:						
Native American						
agriculture, and						
conducting mailings	305,429:	2:	240,000:	2:	231,000:	2
Total Non-Federal						
Funds.....	2,042,466:	23:	1,940,000:	23:	1,931,000:	23
Total, National						
Agricultural						
Statistics Service....	90,849,351:	1,111:	90,235,000:	1,107:	99,068,000 :	1,132

NATIONAL AGRICULTURAL STATISTICS SERVICE

Permanent Positions by Grade and Staff-Year Summary1994 and Estimated 1995 and 1996

Grade	FY 1994			FY 1995			FY 1996		
	Wash. DC	Field	Total	Wash. DC	Field	Total	Wash. DC	Field	Total
ES-5	3	--	3	3	--	3	3	--	3
ES-4	4	--	4	4	--	4	4	--	4
ES-3	--	--	--	1	--	1	1	--	1
ES-2	1	--	1	--	--	--	--	--	--
GS-15.....	21	16	37	20	16	36	21	16	37
GS-14.....	51	46	97	50	46	96	53	46	99
GS-13.....	131	58	189	131	58	189	133	62	195
GS-12	43	107	150	42	107	149	42	110	152
GS-11	17	96	113	16	96	112	16	98	114
GS-10	5	--	5	5	--	5	5	--	5
GS-9	16	54	70	16	54	70	16	55	71
GS-8	24	2	26	24	2	26	25	2	27
GS-7	28	81	109	28	81	109	29	83	112
GS-6	19	104	123	19	104	123	19	105	124
GS-5	18	80	98	18	80	98	18	82	100
GS-4	2	36	38	2	36	38	2	38	40
GS-3	2	3	5	2	3	5	2	3	5
Other									
Graded									
Positions:	--	1	1	--	--	--	--	--	--
Total									
Permanent:									
Positions:	385	684	1,069	381	683	1,064	389	700	1,089
Unfilled									
Positions:									
end-of-									
year.....	-11	-2	-13	--	--	--	--	--	--
Total,									
Permanent:									
Employ-									
ment, end:									
of-year	374	682	1,056	381	683	1,064	389	700	1,089
Staff-									
Year									
Ceiling..	407	704	1,111	405	702	1,107	413	719	1,132

NATIONAL AGRICULTURAL STATISTICS SERVICE

CLASSIFICATION BY OBJECTS1994 and Estimated 1995 and 1996

	<u>1994</u>	<u>1995</u>	<u>1996</u>
<u>Personnel Compensation:</u>			
Washington, DC.....	\$18,121,650	\$18,760,000	\$19,998,000
Field	<u>23,488,229</u>	<u>24,350,000</u>	<u>25,866,000</u>
11 Total personnel compensation.....	41,609,879	43,110,000	45,864,000
12 Personnel Benefits....	9,732,720	9,288,000	9,880,000
13 Benefits for former personnel.....	<u>9,600</u>	<u>13,000</u>	<u>13,000</u>
Total Personnel Compensation & Benefits..	<u>51,352,199</u>	<u>52,411,000</u>	<u>55,757,000</u>
<u>Other Objects:</u>			
21 Travel.....	1,344,338	1,286,000	1,294,000
22 Transportation of things.....	414,872	308,000	309,000
23.2 Rental payments to others	--	70,000	70,000
23.3 Communications, utilities and miscellaneous charges...	2,915,580	3,098,000	3,007,000
24 Printing and reproduction.....	396,530	401,000	403,000
25.1 Consulting Services...	380,711	262,000	233,000
25.2 Other services	19,892,224	19,331,000	24,329,000
25.3 Purchase of goods and services from Government Accounts..	978,791	1,340,000	980,000
25.5 Research and Development Contracts.....	115,000	155,000	155,000
26 Supplies and materials.....	669,274	658,000	1,163,000
31 Equipment	2,879,139	1,675,000	2,137,000
42 Insurance claims and indemnities.....	10,954	--	--
43 Interest and dividends	<u>363</u>	<u>--</u>	<u>--</u>
Total other objects.....	<u>29,997,776</u>	<u>28,584,000</u>	<u>34,080,000</u>
Total direct obligations...	<u>81,349,975</u>	<u>80,995,000</u>	<u>89,837,000</u>

Position Data:

Average Salary, ES positions	\$112,308	\$115,731	\$119,203
Average Salary, GS positions	\$41,650	\$42,914	\$44,266
Average Grade, GS positions	9.9	9.9	9.9

PASSENGER MOTOR VEHICLES

The 1996 Budget Estimates propose the purchase of 1 additional motor vehicle and the replacement of 2 passenger motor vehicles.

The passenger motor vehicles of the National Agricultural Statistics Service are used (where common carrier or GSA vehicles are not feasible) for necessary field travel in carrying out the mission of the agency. All passenger motor vehicles are located at various field offices.

Additional passenger motor vehicle. The one additional passenger motor vehicle is for the NASS field offices. GSA has gradually closed many of its motor pool facilities making it more difficult for NASS personnel to obtain cars when needed. The use of common carrier is not feasible in carrying out the program of NASS.

Replacement of passenger motor vehicles. Replacement of 2 of the 6 vehicles now in operation is proposed. These 6 vehicles are located in 5 field locations and are necessary to meet the transportation requirements inherent in carrying out the agency's program. The vehicles proposed to be replaced will have passed the minimum replacement standards of 6 years of age or 60,000 miles prescribed by the General Services Administration.

Age and mileage data for motor vehicles on hand as of September 30, 1994, are as follows:

<u>Age-Year Model</u>	<u>Age Data</u>		<u>Lifetime Mileage</u> (thousands)	<u>Mileage Data</u>	
	<u>Number of Vehicles</u>	<u>Percent of Total</u>		<u>Number of Vehicles</u>	<u>Percent of Total</u>
1989 or older	5	83	80-100	1	17
1990	0	0	60-80	3	50
1991	0	0	40-60	1	17
1992	1	17	20-40	1	17
1993	0	0	Under 20	<u>0</u>	<u>0</u>
1994	<u>0</u>	<u>0</u>	Total	<u>6</u>	<u>100</u> a/
Total	<u>6</u>	<u>100</u>			

a/ Column does not add because of rounding.

NATIONAL AGRICULTURAL STATISTICS SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

NATIONAL AGRICULTURAL STATISTICS SERVICE:

For necessary expenses of the National Agricultural Statistics Service in conducting statistical reporting and service work, including crop and livestock estimates, statistical coordination and improvements, and marketing surveys, as authorized by the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627) and other laws, [\$81,424,000] \$89,837,000: Provided, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$40,000 shall be available for employment under 5 U.S.C. 3109.

NATIONAL AGRICULTURAL STATISTICS SERVICE

Appropriations Act, 1995	\$81,424,000
Budget Estimate, 1996	<u>89,837,000</u>
Increase in Appropriation	<u>+8,413,000</u>

Adjustments in 1995:

Appropriations Act, 1995	\$81,424,000	
Activities transferred to		
Executive Operations a/	-388,000	
Activities transferred to Office		
of Civil Rights Enforcement b/	<u>-41,000</u>	
Adjusted base for 1995		80,995,000
Budget Estimate, 1996		<u>89,837,000</u>
Increase over adjusted 1995		<u>+8,842,000</u>

- a/ Pursuant to Secretary's Memorandum No. 1010-1, dated October 20, 1994, the Economic Analysis Staff functions were transferred from this account to Executive Operations. Actual transfer of funds of \$388,000 are anticipated in 1995. On a comparable basis, the full annual cost of the activity is \$388,000 for 1995 and \$460,000 for 1996.
- b/ Pursuant to Secretary's Memorandum No. 1020-42, dated September 26, 1994, the EEO counseling function is being centralized in the Office of Civil Rights Enforcement. Actual transfer of funds of \$41,000 is anticipated in 1995. On a comparable basis, the full annual cost of the activity is \$41,000 in 1995 and \$41,000 in 1996.

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

<u>Item of Change</u>	<u>1995 Estimated</u>	<u>Program Changes</u>	<u>Pay Costs</u>	<u>1996 Estimated</u>
Increased Operating Costs including Increased				
Data Collection Costs.....	--	+\$796,000	--	\$796,000
Enhanced Distributed				
Processing Systems	\$500,000	+1,100,000	--	1,600,000
Pesticide Data (Food Safety) ..	3,500,000	+3,300,000	--	6,800,000
Integrated Pest Management/				
Restricted Use Pesticides...	100,000	+3,000,000	--	3,100,000
Reduction in Administrative				
Expenses.....	--	-284,000	--	-284,000
All Other.....	<u>76,895,000</u>	<u>-111,000</u>	<u>+\$1,041,000</u>	<u>77,825,000</u>
Total Available.....	<u>80,995,000</u>	<u>+7,801,000</u>	<u>+1,041,000</u>	<u>89,837,000</u>

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1994 Actual		1995 Estimated		1996 Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Increase or Decrease	Staff-Years
1. Agricultural					(1)	
Estimates	\$77,488,582	961	\$77,370,000	961	+\$8,770,000	\$86,140,000: 986
2. Statistical						
Research and					(2)	
Service	3,861,393	46	3,625,000	42	+72,000	3,697,000: 42
Unobligated balance ..	147,565	--	--	--	--	--
Total available or						
estimate	81,497,540	1,007	80,995,000	1,003	+8,842,000	89,837,000:1,028
Transfer to Executive						
Operations	+334,000	--				
Transfer to						
Departmental						
Administration-OCRE.	+41,000	--				
Transfer from						
Departmental						
Administration-SLUC.	-108,540	--				
Total, Appropriation..	81,764,000	1,007				

JUSTIFICATION OF INCREASES AND DECREASES

- (1) A net increase of \$8,770,000 for agricultural estimates consisting of:
- (a) An increase of \$988,000 for pay costs which consists of \$163,000 for the annualization of the fiscal year 1995 pay raise and \$825,000 for the estimated fiscal year 1996 pay raise.
 - (b) An increase of \$768,000 which reflects a 3.0 percent increase in nonsalary costs.

These funds are necessary to offset increased operating costs. Continued absorption of these costs will severely affect the quality and quantity of our survey programs.

This increase will be used to maintain a credible level of services. Items whose costs are projected to increase include data collection, postal rates, travel, supplies, equipment, and maintenance.

This initiative includes an increase of \$507,000 to cover higher costs for survey interviewers who are employed under a cooperative agreement with the National Association of State Departments of Agriculture and whose salary increases are not covered by Federal pay cost increases. The data they collect form the foundation of the NASS survey program. The work provides part-time employment for more than 3,200 persons who live mostly in rural areas.

- (c) An increase of \$1,100,000 for an enhanced distributed processing system (\$500,000 available in 1995).

NASS proposes to reduce mainframe processing costs by distributing list and survey processing systems to local area networks (LAN's) in the State Statistical Offices (SSO's) and to upgrade its communications to support a distributed processing environment. This initiative will provide a substantial future cost savings to the Government due to a significant gain in productivity. This process change will also permit NASS to reduce respondent burden.

Current list frame and survey processing occurs through a national telecommunications network, contracted mainframe computing services, and batch software developed in the late seventies and early eighties. These systems do not capitalize on the current NASS LAN capabilities or the latest technology in client/server computing. New capabilities for interactive survey editing and computer-aided telephone interviewing systems need to be driven from a relational data base comprised of individually reported historical survey data from every recent NASS survey.

Current systems do not readily support direct access to data by NASS users. The data are embedded in complex file structures required by the old mainframe legacy systems. Users can only access the data through retrieval programs developed and run by supporting technical staffs.

With the growing demand for information and the requirement to electronically transmit larger amounts of data, NASS needs to increase the level of service on its existing FTS 2000 communications network. The current speed of transmission and bandwidth are only marginally adequate for present applications. Future client/server computing, graphical user interface, and videoconferencing all will benefit from higher transmission speed and bandwidth.

NASS proposes replacing outdated mainframe batch software systems used to process surveys and maintain farm lists with a distributed processing system designed around client/server technology. An agencywide data base would be built containing all the key data needed to support the estimating program. Initial efforts will focus on the systems to support the farm and agribusiness enterprise list. A second phase will include the development of a data base containing a complete history of data reported on NASS surveys as well as data obtained from Infoshare and other USDA and non-USDA sources. This data base will reduce respondent reporting burden by promoting more reuse of previously reported data.

To build the data base systems, NASS will install a modern relational data base system running on the Agency LAN Network using client/server technology. With these new systems NASS employees can bring any element of program data to the screen in a matter of seconds without technical assistance. The systems used to process NASS functions will be driven directly by the users.

The proposed upgrade to the communications network is in line with USDA's plan for future communication systems and supports the concept of the National Information Infrastructure. The USDA Strategic Telecommunication Plan states "The principal data service today is FTS 2000 PSS, which is not the most desirable for traffic from client/server applications and other peer-to-peer interactions. As these applications are implemented, traffic will shift from X.25 to lower-delay services, such as FTS-2000 Dedicated Transmission Service (DTS) or frame relay."

The proposed data communications network is capable of handling multiple types of transmissions over the FTS 2000 Wide Area Network. Initial improvements include connecting all LAN's with DTS T-1 circuits, multiprotocol routers, and the Simple Network Management Protocol (SNMP). The upgrade will increase the speed and bandwidth to all 45 State offices and headquarters and their corresponding LAN's, and is expected to meet the increasing demand in bandwidth.

With the requested funding, NASS plans to purchase software and hardware, upgrade the communications, and deploy the system in 22 of its State offices and headquarters. Systems for the remaining 23 offices are planned for FY 1997.

The proposed increase is for 2 years, after which NASS will realize savings in operating expenses which can be redirected to future reductions in the base budget, or allocated to fund program expansions or new initiatives in response to future needs.

- (d) An increase of \$3,300,000 and 18 staff years for additional pesticide use data (\$3,500,000 available in 1995).

The Secretary of Agriculture and the Administrator of the Environmental Protection Agency (EPA) have agreed to work jointly toward the reduction of pesticide use. In order to accurately analyze the impact of chemical use, reliable data are needed for additional crops and States not currently provided through on-going surveys. Sound pesticide regulations depend on quality data to support informed decision making. Although reliable pesticide use data on major food crops are currently being provided by NASS and the Pesticide Data Program, the EPA and other agencies have requested an expansion of this program to include additional crops and new States. Detailed data such as date of application, target pests, and associated crop yields would also be provided. There is a particular shortage of pesticide use data on the so-called "minor" or specialty crops. Registrations for "minor" crop

pesticides can determine whether or not producers of these commodities stay in business. The detailed data on pesticide use will be extremely valuable for these registrations and for objective risk assessment as required in P.L. 103-354, the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994.

Comprehensive and accurate information is still missing for a number of important pesticide uses for which EPA is expected to make regulatory decisions. In addition, there is a continuing lack of information on postharvest pesticide uses that are used closest to the time that the public consumes the food. Furthermore, the measurement of progress on USDA's IPM Initiative depends on more accurate information on the use of pesticides and pest management practices. Statistically drawn surveys by NASS are an efficient means to gather accurate information and make reliable estimates that preserve the confidentiality of agricultural respondents.

The increased funding will enable NASS to expand its coverage to 12 additional States and 10 additional crops. This will ensure that accurate data are available on high value crops for which data are lacking and for those pesticides which may be most vulnerable to regulatory scrutiny. The funding will also collect data on chemicals used on commodities after they leave the farm, filling an important gap in USDA's ability to inform EPA on the extent of pesticide use nearest to actual consumption of food. In the first year NASS will collect postharvest data in 12 States on apples and potatoes, both of which are widely consumed and of interest in assessing exposure for infants and children. Based on experience gained from those surveys NASS will rotate to postharvest surveys of other crops in other States of importance in regulatory decisions. The specific crops and States included in the survey will be determined each year in consultation with EPA, the Food and Drug Administration and USDA's Agricultural Marketing Service (AMS) to ensure that the most important and relevant data are being collected and to ensure a tight linkage with the residue data collected by AMS.

- (e) An increase of \$3,000,000 and 13 staff years to collect integrated pest management and restricted use pesticide data (\$100,000 available in 1995).

USDA has made a major commitment to improving the ability of its pesticide and pest management programs to meet the needs of policymakers and agricultural producers. In order to effectively meet its statutory responsibility under FIFRA to provide information on pesticide use to EPA for use in regulatory decisions, USDA has established a mechanism for coordinated policy and effective liaison with EPA. The Administration is committed to achieving IPM adoption on 75 percent of the Nation's crop acreage and developing alternatives for important pesticide uses vulnerable to loss through regulations.

The ability of USDA to make progress in meeting policy objectives and to measure results requires the availability of high quality information on the use of pesticides and pest management practices. Accurate pesticide use data are critical to estimating exposure and determining the impacts of regulatory decisions by EPA. In particular, utilizing USDA pesticide data enables EPA to estimate the extent of potential exposure to pesticides that affect human health and to assess the extent to which alternatives may be available or used.

The increased funding will support nationwide surveys on the nature and extent of IPM adoption. This information is essential for measuring progress toward increased adoption of IPM.

This increase will also allow NASS to implement the provisions of Section 1491 of the Food, Agriculture, Conservation, and Trade Act of 1990 by conducting surveys that provide information on restricted use pesticides in all agricultural areas on a national basis. Currently, all pesticide surveys are crop specific and State specific. This increase will allow for the inclusion of whole farm pesticide use and nonfarm agricultural use for the entire country. The 1996 funding will permit NASS to account for total agricultural restricted pesticide use and IPM practices by product and by commodity for the Nation.

NASS will survey private applicators and collect information on all chemicals used (restricted and nonrestricted) on the farm. This includes chemicals used on crops, livestock, pasture, storage facilities, and every other use on the farm. In addition, a separate sample of commercial applicators will be used to collect chemicals used, both on-farm and off-farm, for nontraditional uses defined as agricultural, e.g., forest pest control, packing houses, seed treatment, etc. These surveys will contribute significant new chemical use information and will therefore be an important addition to the data base supporting the water quality program.

- (f) A decrease of \$275,000 and 6 staff years for administrative efficiency.

In support of the Secretary's streamlining efforts and the President's Executive Order to reduce overhead-type outlays from the FY 1993 baseline, budget authority is reduced by \$276,000.

In order to achieve these savings, NASS will reduce staffing, interstation transfers, field staff travel to Headquarters for Agricultural Statistics Board assignments and other meetings along with other travel, as well as reducing training, supply purchases, printing and reproduction costs, utility usage, and equipment replacement.

- (g) A decrease of \$111,000 for FTS 2000 funding.

This decrease reflects lower long distance telecommunications prices due to price redeterminations and the FTS 2000 contracts.

- (2) A net increase of \$72,000 for statistical research and service consisting of:

- (a) An increase of \$53,000 for pay costs which consists of \$9,000 for the annualization of the fiscal year 1995 pay raise and \$44,000 for the fiscal year 1996 pay raise.
- (b) An increase of \$28,000 which reflects a 3.0 percent increase in nonsalary costs.

These funds are necessary to offset increased operating costs. Continued absorption of these increased operating costs will severely affect the quality and quantity of the NASS statistical research programs.

This increase will be used to maintain the current level of statistical research services. Examples of projected cost increases are for critical expenditures such as travel, postal rates, supplies, equipment, maintenance, and ADP related costs.

- (c) A decrease of \$9,000 for administrative efficiency.

In support of the Secretary's streamlining efforts and the President's Executive Order to reduce overhead-type outlays from the FY 1993 baseline, budget authority is reduced by \$9,000.

In order to achieve these savings, NASS will reduce interstation transfers, travel to field offices, and other areas such as training, supply purchases, printing and reproduction costs, utility usage, and equipment replacement.

NATIONAL AGRICULTURAL STATISTICS SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1994 and Estimated 1995 and 1996

	1994		1995		1996	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Alabama.....	\$867,325	13	\$859,000	13	\$965,000	14
Alaska.....	135,253	2	134,000	2	150,000	2
Arizona.....	653,286	9	647,000	9	727,000	9
Arkansas.....	1,110,446	16	1,100,000	16	1,236,000	17
California.....	2,787,228	33	2,825,000	32	3,178,000	33
Colorado.....	1,307,175	22	1,294,000	22	1,453,000	22
Delaware.....	54,418	1	54,000	1	61,000	1
District of						
Columbia.....	35,035,029	369	34,696,000	367	37,822,000	375
Florida.....	1,306,589	16	1,294,000	16	1,453,000	16
Georgia.....	1,178,988	15	1,168,000	15	1,312,000	16
Hawaii.....	470,463	8	466,000	8	523,000	8
Idaho.....	1,044,421	15	1,034,000	15	1,161,000	15
Illinois.....	1,536,457	17	1,522,000	17	1,710,000	17
Indiana.....	1,152,524	16	1,141,000	16	1,282,000	17
Iowa.....	1,424,565	18	1,411,000	18	1,584,000	18
Kansas.....	1,321,679	17	1,309,000	17	1,471,000	17
Kentucky.....	957,484	14	948,000	14	1,064,000	14
Louisiana.....	1,158,511	14	1,414,000	14	1,588,000	15
Maryland.....	797,018	11	789,000	11	887,000	12
Michigan.....	1,261,971	18	1,270,000	18	1,427,000	19
Minnesota.....	1,373,110	17	1,360,000	17	1,529,000	17
Mississippi....	1,057,642	14	1,047,000	14	1,176,000	15
Missouri.....	1,318,167	19	1,305,000	19	1,466,000	19
Montana.....	742,268	12	735,000	12	826,000	12
Nebraska.....	1,305,851	17	1,293,000	17	1,452,000	17
Nevada.....	216,267	4	214,000	4	240,000	4
New Hampshire..	1,003,851	15	994,000	15	1,117,000	15
New Jersey.....	723,066	11	716,000	11	804,000	12
New Mexico.....	557,547	8	552,000	8	621,000	8
New York.....	1,179,643	14	1,183,000	14	1,329,000	14
North Carolina..	1,344,415	15	1,331,000	15	1,496,000	15
North Dakota...	1,047,428	16	1,037,000	16	1,165,000	16
Ohio.....	1,236,117	19	1,274,000	18	1,431,000	19
Oklahoma.....	1,032,046	14	1,022,000	14	1,148,000	15
Oregon.....	1,011,002	14	1,001,000	14	1,124,000	14
Pennsylvania...	889,688	15	881,000	15	990,000	16
South Carolina..	682,482	11	676,000	11	759,000	12
South Dakota...	1,086,838	16	1,076,000	16	1,209,000	16
Tennessee.....	986,358	13	977,000	13	1,098,000	14
Texas.....	2,158,173	26	2,157,000	26	2,424,000	26
Utah.....	574,838	10	569,000	10	639,000	10
Virginia.....	842,507	12	834,000	12	936,000	13
Washington.....	1,100,166	14	1,089,000	14	1,224,000	15
West Virginia..	526,597	8	521,000	8	586,000	8
Wisconsin.....	1,194,543	19	1,183,000	19	1,329,000	19
Wyoming.....	598,535	10	593,000	10	665,000	10
Subtotal,						
Available or						
Estimate.....	81,349,975	1,007	80,995,000	1,003	89,837,000	1,028
Unobligated						
Balance.....	147,565	--	--	--	--	--
Total, Available						
or estimate	81,497,540	1,007	80,995,000	1,003	89,837,000	1,028

NATIONAL AGRICULTURAL STATISTICS SERVICE

STATUS OF PROGRAM

The National Agricultural Statistics Service (NASS) administers the United States Department of Agriculture's (USDA) program of collecting and publishing current national and State agricultural statistics. Statistical data provided by the Service on the Nation's agriculture are essential in making effective policy, production, and marketing decisions.

NASS programs are organized in the following major areas: (1) agricultural estimates, (2) statistical research and service, and (3) survey work performed for others.

AGRICULTURAL ESTIMATES

Current Activities: Agricultural production and marketing data are collected, summarized, analyzed, and published for a wide range of items including: number of farms and land in farms; acreage, yield, production, and stocks of grains, hay, oilseeds, cotton, potatoes, tobacco, fruits, vegetables, floriculture, and selected specialty crops; inventories and production of hogs, cattle, sheep and wool, goats and mohair, mink, catfish, trout, poultry, eggs, and dairy products; prices received by farmers for products, prices paid for commodities and services, and related indexes; cold storage supplies; agricultural chemical use; and other related areas of the agricultural economy and rural America.

Thousands of farmers, ranchers, agribusinesses, and others voluntarily respond to periodic surveys about crops, livestock, and other agricultural activities. These surveys are supplemented by field observations, objective yield counts and measurements, and other data to provide reliable information.

The estimating program is conducted through 45 State Statistical Offices (SSO's) servicing all 50 States. The majority of these SSO's are operated as joint State-Federal offices. The cooperative funding arrangements with State agencies provide for development of additional State and county data to supplement and complement information produced with Federal resources.

Estimates for approximately 120 crops and 45 livestock items are published in almost 400 reports each year through the NASS Agricultural Statistics Board (ASB). All information is made available to the public and news media at scheduled release times. A user fee system covers the costs of maintaining mailing lists, printing, and mailing releases. Survey respondents, news media, congressional offices, and other Federal agencies are not required to pay for ASB releases.

The principal program goals are to: (1) provide agricultural data and other statistical services needed for commercially important segments of the agricultural industry; (2) provide the necessary statistics in support of informed government policy development and program implementation, especially price statistics for deficiency payments and statistics mandated by law; (3) increase the accuracy, dependability, and public usefulness of national, State, and county data; (4) conduct program reviews to ensure that statistical information is collected and published in a timely and efficient manner, is relevant, and satisfies customer needs; (5) minimize the time between data collection and release; (6) improve information distribution; and (7) reduce survey costs and response burden on individuals and firms.

Selected Examples of Recent Progress: Recent accomplishments under this budget activity are cited below by project:

Response to weather-related disasters:

1. Enhanced survey coverage. Due to the late harvest of wheat and barley in the Northwest in the fall of 1993, growers in that region were re-contacted in

early November. These producers were asked to verify whether acres reported as "to be harvested" in September were actually harvested, and to verify yields.

2. Flood coverage. In late July 1994, NASS intensified its monthly Agricultural Survey efforts in Alabama, Georgia, and Florida to determine the extent of crop damage due to excessive rains and flooding. The three-State survey sample size was increased by 25 percent during the August 1 survey period to measure the effects of the excessive rains and flooding on final plantings, expected acres for harvest, and potential yields.

Additional estimates and services:

1. Grape Estimates Expanded. In 1994, NASS made the decision to begin publishing Niagara grape production as a unique category separate from Concord and Total production, beginning with the Noncitrus Fruits and Nuts, 1994 Preliminary report. In addition, grape production estimates are now published as "processed utilization" instead of just "total production." These changes were made in response to industry requests, and have resulted in more useful grape production data and lower respondent burden for growers.
2. Additional Analytical Data for Corn, Cotton, and Soybeans. Actual survey data representing the number of fruit (ears, bolls, and pods) were released with the 1994 September and October Crop Production Reports. These data reflect actual field counts made during the regular monthly visits to selected corn, soybean, and cotton fields in major producing States. These data will help industry analysts better interpret the officially published crop yield and production estimates.
3. Group Risk Crop Insurance. NASS supported the pilot test of the new crop insurance Group Risk Plan procedures by publishing district soybean yield forecasts in November 1993 for designated States. Similar small grains district forecasts were published in August 1994. NASS adjusted sample sizes and reviewed survey procedures in order to ensure the quality of these new forecasts.
4. Hogs and Pigs. NASS started publication of estimates of farrowing (litter) rates by size of operation. U.S. level rates were published quarterly for five size groups. NASS also started publication of hog inventory by type of operation (farrow-to-finish, farrow only, and finish only). These annual estimates for 16 individual States, all other States, and the United States will now be published in the December Hogs and Pigs report.
5. Sheep and Lambs. NASS implemented a mid-year sheep inventory and lamb crop survey. Regional and U.S. estimates of sheep and lamb inventory by class and projected annual lamb crop were published in late July 1994.
6. Cattle on Feed. NASS started publication of estimates of inventory, marketings, placements, and other disappearance for operations with a capacity of 1,000 head or more. These estimates were published monthly for seven States and quarterly for an additional six States.
7. Chickens and Eggs. The publication of State estimates was expanded from 20 monthly States to 30. New monthly State-level estimates added include the number of table egg layers in flocks of 30,000 and above, and the number of started pullets on hand, pullets added, layers sold, and layers died and destroyed. Forced molt estimates were also expanded from 20 States to 30.
8. Catfish Processing. The Catfish Processing report was expanded to include estimates of nuggets sold, average price, inventory, and a total for all sales categories with the weighted average price. The February 1994 release was expanded to include all monthly revisions for the previous year.

9. Price Data. Additional price data were added to regular monthly publications at the request of data users. Information on prices paid by farmers for 30 additional farm chemicals was added in April 1994. A beef cattle - feed price ratio and monthly State sunflower prices were also started in April 1994. Additional State potato prices by utilization were added in September 1994, the beginning of the new marketing year for the fall crop.

Increasing data accuracy and dependability:

1. Agricultural Land Values. The Agricultural Land Values data series was strengthened by a redesign of survey procedures. The improvements include a new area frame-based sample design, a redesign of the questionnaire used to collect the data, a change to face-to-face interviews, new data analysis tools to identify unusual data, and improved training for statisticians on data collection procedures.
2. Price Indexes. The prices received and paid by farmers indexes are being reweighted and reconstructed. The new indexes will be based upon 5-year moving average weights, and coverage will be expanded. Seasonal marketing adjustments will also be included for the prices received indexes. Publication of the indexes using the updated weights and new construction will begin with the January 1995 Agricultural Prices report.

Reviewing commodity programs:

1. Specialty Commodities. A review of the forecasting program for specialty commodities was made to streamline the programs and create more efficient surveying. The changes reduced the number of forecasts necessary for some of the more minor specialty commodities. The program also adjusted the timing of forecasts to make them more beneficial to the relevant industries.
2. Turkeys. All turkey hatchery information is now published in monthly Turkey Hatchery releases and the same information is not duplicated in the Chickens and Eggs release. Survey procedures descriptions and reliability statements have been added to the text of both releases. The narrative in Turkey Hatchery has been increased and the tables changed to include the previous month's data (revised). Turkey hatchery production data for all months for the previous two marketing years were included in the January 1994 Turkeys release.

Customer service, and data access and dissemination:

1. Access to Financial Data. Farm finance data sets from the annual Farm Costs and Returns Survey were made available to the California and New Jersey State offices to make data more accessible. University of California - Davis and Rutgers University researchers were able to use equipment in the State offices to construct new analysis without compromising the confidentiality of the individual data.
2. Enhanced data user knowledge and input. Public Data Users Meetings were held in three sites: Washington, D.C.; Kansas City, MO; and Phoenix, AZ. The focus of the meetings was on NASS economic data programs. In order to encourage participation, two of the three meetings were held in conjunction with the annual USDA Outlook Conference and the Food and Agricultural Policy Research Institute Outlook Meeting.
3. Data Dissemination. Another new initiative begun in 1994 was the release of market sensitive grain reports at 8:30 a.m. instead of the customary 3:00 p.m. release time. This change allows U. S. traders to utilize the information prior to the opening of the foreign commodity markets. The pilot program was begun at the request of data users, with the approval of the Secretary of Agriculture. This pilot program will run through April of 1995. NASS was able to adjust procedures and realign staff assignments to issue all

grain related reports at 8:30 a.m. since May of 1994, while maintaining the previous strict security measures.

4. Expanded electronic dissemination. During 1994, NASS continued to expand electronic dissemination services to the public. For the first time, monthly Crop Production Highlights and Summaries and the Weekly Crop Progress were made available through the USDA Ag News Fax. In addition, a broadcast facsimile service was instituted for the Weekly Crop Progress report.
5. On-line viewing. A system was installed on the Local Area Networks (LAN) of all NASS field offices and in headquarters to provide "on-line" viewing of current agricultural reports. This technology allows NASS personnel to respond more quickly to data users' questions and information requests.
6. County estimates on diskette. A subscription service was begun for crop and livestock county estimates on diskettes. Previously, customers could only obtain these data by special request. In addition, the distribution of county data was expanded to three times a year, as estimates for specific commodities became available, rather than late in the year after estimates for all commodities are completed.
7. Expanded information available on diskette. Distribution of Agricultural Statistics Board releases on diskettes was expanded to include six new diskettes and two diskettes with updated information. These include State rankings of fruit, field crops, vegetables, livestock and poultry production, federally inspected livestock slaughter, agricultural chemical use for field crops, agricultural chemical use for fruits, and crop progress. These diskettes are available through the ERS-NASS subscription service in addition to the other diskettes previously available.
8. Internet dissemination. All current NASS reports were made available in 1994 to the public through the Extension Service Internet node. Because of the availability of all NASS reports on the Internet to county Extension Service personnel, printing and distribution of nearly 37,000 hard copy reports was discontinued. In addition, all historic estimates, which were previously available only on diskettes by subscription, were loaded to the Internet through a cooperative agreement with the Mann Library at Cornell University.

Environmental data expanded:

1. Fertilizer and Pesticide Use. The Fruit Chemical Use Survey was completed in nine States and the Cropping Practices Survey (field crops) in 32 States, providing statistically reliable State-level fertilizer and pesticide use information. Both surveys were expanded this year to include more complete information on Integrated Pest Management and other production practices associated with chemical usage.

Business process re-engineering:

1. Cold Storage. To improve efficiency in collecting cold storage information in State Statistical Offices, a plan to use data collection centers has been developed. Development of specifications and program coding of a new cold storage system has been completed.
2. Client/server technology. NASS continued its implementation of two major projects for the improvement and maintenance of the NASS list sampling frame using client/server relational data base technology. The first project will migrate the list sampling frame from a mainframe computer to Local Area Networks in NASS field offices. The second project simplifies and improves the process for data transfer from the Farm Service Agency to NASS.

3. Re-engineering data collection processes. NASS also continued the implementation of a major initiative to improve the handling of manual review, computerized data collection, and editing, analysis, and summary of survey data. Manual data review processes will be automated and the current computer processing will be moved from a leased mainframe to microcomputers on the LAN. In 1994, studies were conducted in two States to evaluate computer assisted personal interviewing, interactive editing, and analysis and summary on LAN. NASS has begun to replace its "batch" editing procedures with interactive editing. This on-line editing moves the process from a mainframe computer to a workstation on the LAN. This not only reduces the cost of editing, but enables the statistician to complete the review of the questionnaire in one pass, reducing the number of times a questionnaire must be handled. Users also prefer interactive editing because they feel more in touch with the survey data and have a better understanding of the editing process. NASS intends to implement interactive editing on most of its survey applications in the future.
4. New random sampling procedures to reduce respondent burden for agricultural, economic, and labor surveys. For the second consecutive year, NASS is implementing a new random sampling procedure (Perry/Burt), which maximizes the dispersion of samples among separate farm and ranch operations, in all States. Each individual, therefore, has a reduced number of survey contacts during the year and fewer repeat contacts for the same survey 2 years in a row. The agency will now monitor the impact of the new selection process on voluntary survey response over time.

A permanent random number sampling scheme was implemented for grain prices that ensures that most respondents will not be contacted in 2 consecutive years.
5. Windows installation. NASS installed Windows software on 1,100 workstations operating off of 47 LAN's across the United States. Documentation was updated, installation completed, and in-house training sessions conducted for all NASS employees. With this upgrade, every Agency employee has access to the latest desktop technology, which will provide a similar look and feel for all future client/server systems employed in NASS.
6. Strategic planning. In 1994, NASS completed a major long-range strategic planning effort. Work is currently underway on the 4 Strategic Initiatives specified in the plan: NASS Data System 2000, NASS Survey Design 2000, NASS Leadership Program, and NASS Customer Service Outreach.

STATISTICAL RESEARCH AND SERVICE

Selected Examples of Recent Progress: Recent accomplishments under this budget activity are cited below by project:

Improving operational programs:

1. Improved Survey Analysis. NASS is implementing an automated process to evaluate survey responses and the impact of unusual observations on survey estimates. This process utilizes historical and current respondent information.
2. Native American Statistics. NASS staff compared the June 1994 survey data to the most current or appropriate data from the Census of Agriculture (1992) and the Bureau of Indian Affairs' Natural Resources Information System (NRIS). These comparisons revealed gaps in existing information censuses and surveys on Native Americans involved in agriculture.
3. Satellite Data for Indian Reservations. Using Landsat Thematic Mapper earth resource observation satellite data from June 20 and June 27, 1993, the

research staff of NASS created land cover maps for the Crow and Northern Cheyenne Indian Reservations. Selected individual crops were identified on the satellite images in a visual display of land use on the reservations.

Statistical consulting and services:

1. Helping USDA agencies develop customer service plans. NASS, functioning as an internal statistical consultant, helped USDA agencies meet their responsibilities to establish baseline measures of customer service. In a team spirit, NASS helped USDA agencies design statistically defensible surveys and educated them in sound statistical and survey procedures by providing up to 20 hours of professional consultation to individual agencies at no charge. For a few agencies, additional assistance was provided on a reimbursable basis. During FY 1994, 16 different USDA agencies consulted with NASS with several asking NASS to conduct the customer service surveys for them. NASS also provided advice and conducted a customer service survey for the U.S. Geological Survey.
2. Streamlining the statistical clearance process. The Office of Management and Budget (OMB) with assistance from NASS streamlined the OMB clearance process so that all Federal agencies would be able to effectively implement customer service surveys as recommended by the National Performance Review Board. The NASS team helped OMB in the development of a generic clearance process for customer surveys. NASS then initiated a redesign of the statistical clearance process within USDA that would streamline the internal review process without compromising the quality of the surveys developed by agencies within USDA.
3. Joint Program in Survey Methodology. A member of the NASS Survey Management Division was detailed for 4 months to the University of Maryland's Joint Program in Survey Methodology (JPSM). This person helped develop and organize consultative sessions and short courses to assist Government agencies with activities related to the customer service executive order.
4. Natural Resources Conservation Service (NRCS) consulting. A NASS Senior Research Statistician was detailed to NRCS for the last half of FY 1994 and 1 day per week for the first half of FY 1995 to provide statistical consulting as a member of the Conservation Technical Assistance and Watershed Programs Evaluation Team. The assignment entailed advising the team in setting objectives for the evaluation, creating a sampling frame to provide an efficient sample design for use in measuring personnel time expenditures and effects of program assistance, selecting samples of counties and personnel, and linking the analysis to National Resource Inventory work.
5. Agricultural Research Service (ARS). The Chief Research Statistician in NASS consulted with ARS in the following areas:
 - (1) the sampling design for future dietary surveys,
 - (2) data analysis of current and previous surveys,
 - (3) the creation of adjustments for current survey nonresponse,
 - (4) the development of reasonable measures of survey accuracy,
 - (5) the estimation of the distribution of usual dietary intakes from survey data, and
 - (6) the transformation of food intake survey data into nutrient components.
6. Agricultural Marketing Service (AMS). The NASS Chief Research Statistician provided statistical assistance to the Pesticide Data Program (PDP), a cooperative project between AMS and nine individual State agencies to measure pesticide residues in selected fruits and vegetables at the wholesale level. This included developing statistically defensible sampling and estimation plans for the PDP and actually selecting sites (from which product is to be sampled and tested for pesticide residues) for most PDP States.

SURVEY WORK PERFORMED FOR OTHERS

Selected Examples of Recent Progress: Recent accomplishments under this budget activity are cited below by project:

1. Agricultural Ecosystems. The Environmental Monitoring and Assessment Program (EMAP) is a new program, funded by the Environmental Protection Agency with technical support from ARS, NASS, Department of Interior, and other USDA agencies. EMAP is designed to monitor the long-term health of ecosystems. NASS works with EMAP's Agricultural Lands Resource Group by supporting their monitoring efforts of the environment. NASS provides sampling, data collection, analysis, and summary expertise. Information is gathered mostly through farmer interviews. Pilot tests on the agroecosystem had been conducted in 1992 and 1993 in North Carolina and Nebraska, respectively. In 1994, Nebraska was revisited and five Mid-Atlantic States were added to the EMAP program.
2. Special State surveys conducted. In cooperation with State Departments of Agriculture and industry groups, NASS conducted 154 special surveys in 1994, covering such issues as farm safety, pesticide use, county estimates, nursery/horticulture, farm finance, and specialty vegetable crops.

Special Surveys Conducted in FY 1994 by State Statistical Offices, by Survey Type:

Field Crops, Vegetables	41
Fruit	28
County Estimates	13
Pesticide Use	6
Livestock	11
Safety/Health, Disability	4
Nursery/Horticulture	5
Farm Finance	8
Misc. - All other	38

TOTAL	154

3. National Animal Health Monitoring System (NAHMS). During August and September 1994, NASS conducted the Cattle on Feed Project, the fourth in a series of livestock surveys conducted over the past 5 years and sponsored by NAHMS, an information gathering and dissemination organization within USDA's Animal and Plant Health Inspection Service. The project studied feedlot management practices and health attributes of cattle on feed for slaughter markets in 13 selected States.
4. USDA OC Survey. NASS conducted two surveys for the USDA Office of Communications (OC), collecting information from agricultural producers about their knowledge of and participation in USDA programs. The first survey was conducted nationwide. The second survey was conducted in Montana for Native American agriculture producers only.
5. NIOSH Agricultural Injury Survey. The National Institute for Occupational Safety and Health (NIOSH), a part of the Centers for Disease Control, contracted NASS to conduct a survey on agricultural injuries, in order to target safety and health projects for the rural community. In January of 1994, NASS conducted the first project of a 3-year effort aimed at providing occupational injury incidence and injury frequencies for workers in the agricultural production sector of the United States. Additional information was also collected regarding the number of tractors per farm, tractor use per hour, and rollover protective structure use on farm tractors.
6. Native American Pilot Study. In June 1994, NASS conducted a special pilot survey for the Intertribal Agriculture Council measuring agricultural

production on Native American and Reservation Land in the State of Montana. The survey was conducted June 1-15, 1994, with all data based upon a June 1 reference date. Scientific probability-based survey methodology was used throughout the design and analysis of the survey.

7. International assistance provided. NASS provided technical assistance and training to improve agricultural statistics programs in a number of developing countries. Long-term resident assistance was provided in Pakistan, while short-term assignments supported work in several other countries, including Bulgaria, Poland, Morocco, and Nicaragua. The NASS International Statistics course, conducted in Washington, D.C., provided training for eight persons from five countries in FY 1994.

FOOD SAFETY AND INSPECTION SERVICE

EXPLANATORY STATEMENT

The Food Safety and Inspection Service (FSIS), was established on June 17, 1981, by Secretary's Memorandum No. 1000-1 issued pursuant to Reorganization Plan No. 2 of 1953 (7 U.S.C. 2201).

Pursuant to the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994 (P.L. 103-354) egg products inspection functions previously performed by the Agricultural Marketing Service, as authorized by the Egg Products Inspection Act, and the Salmonella enteritidis and live animal pathogen reduction programs previously performed by the Animal and Plant Health Inspection Service were transferred to FSIS.

The mission of the Agency is to ensure that the Nation's commercial supply of meat, poultry, and egg products is safe, wholesome, and correctly labeled and packaged, as required by the Federal Meat Inspection Act, the Poultry Products Inspection Act, and the Egg Products Inspection Act. FSIS administers a national meat and poultry inspection program pursuant to the Federal Meat Inspection Act and the Poultry Products Inspection Act. These acts require ante-mortem and post-mortem inspection of domestic livestock and poultry and the inspection during further processing of meat and poultry products.

The meat and poultry inspection program is responsible for uniformly applying inspection procedures and standards for sanitation, humane slaughter, facilities and equipment, and product labeling at all establishments under Federal inspection. It is also responsible for assessing the effectiveness of State inspection programs to assure that standards at least equal to those under the Inspection Acts are applied to meat and poultry establishments under State jurisdiction. Further, the program is responsible for reviewing foreign inspection systems and plants that export meat and poultry products to the United States, and inspecting imported products at ports of entry. The Laboratory Services program supports meat and poultry inspection through the scientific examination of meat and poultry products for disease, contamination, or other forms of adulteration.

In addition to the meat and poultry inspection programs, FSIS is responsible for administering and carrying out programs under the Egg Products Inspection Act. This act requires continuous mandatory inspection of egg processing plants producing liquid, frozen, or dried egg products to ensure that products sold are wholesome, unadulterated, and truthfully labeled. This act also requires the control of imported egg products to ensure that U.S. requirements are met.

In its enforcement of food safety laws, the Agency strives to modernize its inspection systems and improve the effectiveness of regulatory processes. FSIS continues to emphasize reform of its inspection systems. The Agency is incorporating into its inspection procedures the scientifically-based process control approach called the Hazard Analysis and Critical Control Point (HACCP) system for enhanced public health protection. HACCP is a specific inspection approach to control biological and physical adulteration in foods. This approach includes the assessment of risks and the identification of points throughout the production and distribution system where control is necessary to eliminate potential risks. The Agency has also made strides in developing a comprehensive Pathogen Reduction Program aimed at reducing the occurrence of microbiological organisms found in meat, poultry, and egg products.

During 1994, the Agency maintained central offices in the Washington metropolitan area, five regional offices, 26 area offices, and a nationwide network of inspectors in approximately 6,400 establishments (including official import facilities) in 50 States, Puerto Rico, American Samoa, Guam, and the Virgin Islands. Much of the work is conducted in cooperation with Federal, State and municipal agencies, as well as private industry. As of September 30, 1994, the Agency employment totaled 9,389 permanent full-time employees and 820 other employees. Of these, 703 permanent full-time employees and 86 other employees were located in the central offices, and 432 permanent full-time employees and 20 other employees were in area and regional offices. The balance of 8,254 permanent full-time employees and 714 other employees were in field locations. FSIS continues to work toward Administrative reductions by reviewing operations and targeting areas in which costs can be scaled back. FSIS supports the Administration's reorganization plan to streamline the Department.

The Department has a central fund to promote facility compliance under the requirements of the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) and the Resource Conservation Recovery Act (RCRA). These Acts require Federal agencies to meet the same standards for storage and disposition of hazardous wastes as private businesses. The funds provided for this program enable the Department to address problems posed by past uncontrolled hazardous substances. Resources are allotted to USDA agencies from the central fund. FSIS has no other funds in addition to the central fund.

GAO REPORTS

<u>NUMBER</u>	<u>DATE ISSUED</u>	<u>DATE COMPLETED</u>	<u>DESCRIPTION</u>
T/RCED-94-311	09/28/94	No Recommendation	FOOD SAFETY: Fundamental Changes Needed to Improve Monitoring of Unsafe Chemicals in Food.
RCED-94-158	09/26/94	-----	FOOD SAFETY: USDA's Role Under the National Residue Program Should Be Reevaluated.
RCED-94-192	09/26/94	No Recommendation	FOOD SAFETY: Changes Needed to Minimize Unsafe Chemical Residues.
RCED-94-110	06/06/94	-----	FOOD SAFETY: Risk-Based Inspections and Microbial Monitoring Needed for Meat and Poultry.
T/RCED-94-223	05/25/94	No Recommendation	FOOD SAFETY: A Unified, Risk-Based Food Safety System Needed.

T/RCED-94-228	05/24/94	No Recommendation	MEAT SAFETY: Inspectors' Ability to Detect Harmful Bacteria Is Limited.
T/RCED-94-189	04/19/94	No Recommendation	FOOD SAFETY: Risk-Based Inspections and Microbial Monitoring Needed for Meat and Poultry.
T/RCED-94-123	02/10/94	No Recommendation	MEAT SAFETY: Inspection System's Ability to Detect Harmful Bacteria Remains Limited.
T/RCED-94-71	11/04/93	No Recommendation	FOOD SAFETY: A Unified, Risk-Based System Needed to Enhance Food Safety.
RCED-94-1	10/06/93	No Recommendation	UNREGISTERED PESTICIDES: Limited Testing Finds Few Violations on Imported Food (Banned Pesticides Returning in Imported Foods).

OIG REPORTS

<u>NUMBER</u>	<u>DATE ISSUED</u>	<u>DATE COMPLETED</u>	<u>DESCRIPTION</u>
24800-2-Kc	06/10/94	-----	Inspection Operations -IBP, Inc., Pork Plant in Perry, Iowa.
24600-3-At	02/28/94	-----	Adequacy of Controls to Ensure Microbiological Safety.
24600-2-Ch	01/18/94	-----	State Meat and Poultry Inspection Program.
24600-1-Ch	11/18/93	-----	Meat and Poultry Inspection - Quality Control Programs.
24800-1-Kc	8/12/93	-----	Evaluation of Cornhusker Packing Company, Omaha, Nebraska.
24600-1-At	9/30/91	-----	Monitoring of Drug Residues.
24099-5-At	6/26/90	-----	Labeling Policies and Approvals.
24097-1-At	2/5/87	-----	FSIS Exporting Procedures.

FOOD SAFETY AND INSPECTION SERVICE
PERFORMANCE INDICATORS

	1994 <u>Actual</u>	1995 <u>Estimated</u>	1996 <u>Estimated</u>
Federally inspected establishments:			
Slaughter plants.....	318	318	318
Processing plants.....	4,926	4,913	4,900
Combination slaughter and processing plants.....	1,018	1,015	1,010
Talmadge-Aiken Plants.....	258	258	258
Import establishments.....	155	160	165
Federally inspected production (millions of pounds):			
Meat slaughter.....	41,091	42,000	42,000
Poultry slaughter.....	39,626	40,000	40,000
Egg Products.....	2,692	2,720	2,740
Import/Export activity (millions of pounds):			
Meat and poultry imported.....	2,600	2,600	2,600
Meat and poultry exported.....	4,200	4,400	4,500
Imports refused entry.....	16	17	18
States and territories with Cooperative programs: a/			
Intrastate inspection.....	27	27	27
Talmadge-Aiken inspection.....	11	10	11
Number of slaughter and/or processing plants (excludes exempt plants).....	2,904	2,904	2,904
Pounds inspected, slaughter (millions)	749	750	750
Compliance activities:			
Hazardous product detained (millions of pounds).....	22	18	20
Compliance reviews.....	46,211	48,000	48,000
Detention actions.....	672	700	750
Government Commodities Certification..	34	35	35
Laboratory Services (samples analyzed):			
Food chemistry.....	32,428	30,150	30,150
Food microbiology.....	33,671	43,600	53,600
Chemical residues.....	202,190	202,200	202,200
Antibiotic residues.....	183,512	183,600	183,600
Pathology samples.....	8,095	8,100	8,100
Serology samples.....	4,968	5,000	5,000
Egg Products (samples analyzed):			
Food chemistry and microbiology.....	30,110	31,000	31,000
Chemical residues.....	317	350	350

a/ Includes only states with cooperative agreements
which are operating programs.

FOOD SAFETY AND INSPECTION SERVICE

Available Funds and Staff-Years1994 Actual and Estimated, 1995 and 1996

Item	1994 Actual		1995 Estimated		1996 Estimated	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Salaries and Expenses	\$532,048,000	9,837	\$533,188,000	10,040	\$594,889,000	10,318
<u>Obligations under other USDA appropriations:</u>						
Allocation from: Hazardous Waste Management	240,000	—	290,000	—	290,000	—
APHIS for blood samples (MPI)	485,216	—	500,000	—	500,000	—
Total, Agriculture Appropriations	532,773,216	9,837	533,978,000	10,040	595,679,000	10,318
<u>Non-Federal Funds:</u>						
Reimbursements for Meat, Poultry and Egg Inspection ...	70,917,585	236	76,839,000	230	80,200,000	230
Trust Funds for Meat and Poultry Inspection	2,294,949	36	2,300,000	33	2,300,000	33
Total, Non-Federal Funds ..	73,212,534	272	79,139,000	263	82,500,000	263
Total, Food Safety and Inspection Service	605,985,750	10,109	613,117,000	10,303	678,179,000	10,581

FOOD SAFETY AND INSPECTION SERVICE
Permanent Positions by Grade and Staff-Year Summary
1994 and Estimated 1995 and 1996

Grade	1994			1995			1996		
	Head- quarters	Field	Total	Head- quarters	Field	Total	Head- quarters	Field	Total
ES-6	1	0	1	1	0	1	1	0	1
ES-5	8	0	8	7	0	7	7	0	7
ES-4	5	2	7	5	1	6	5	1	6
ES-3	0	1	1	0	1	1	0	1	1
ES-2	0	1	1	0	1	1	0	1	1
ES-1	1	1	2	1	0	1	1	0	1
GS-15	53	12	65	50	13	63	42	13	55
GS-14	102	45	147	100	46	146	98	45	143
GS-13	200	255	455	200	260	460	200	256	456
GS-12	118	804	922	95	959	1,054	98	935	1,033
GS-11	42	315	357	37	342	379	45	398	443
GS-10	9	183	192	7	185	192	8	223	231
GS-9	76	2,518	2,594	72	2,455	2,527	72	2,484	2,556
GS-8	12	1,349	1,361	6	1,349	1,355	6	1,352	1,358
GS-7	69	3,350	3,419	88	3,409	3,497	62	3,469	3,531
GS-6	54	85	139	50	85	135	50	92	142
GS-5	64	355	419	86	398	484	86	398	484
GS-4	15	74	89	11	79	90	11	79	90
GS-3	1	8	9	2	8	10	2	8	10
GS-2			0			0			0
GS-1			0			0			0
Ungraded Positions	6	15	21	7	17	24	9	20	29
Total, Permanent Positions	836	9,373	10,209	825	9,608	10,433	803	9,775	10,578
Unfilled Positions, end-of-year ..	-42	-575	-617	-31	-443	-474	-30	-187	-217
Total Permanent Employment, end-of-year ..	794	8,798	9,592	794	9,165	9,959	773	9,588	10,361
Staff Years: Ceiling	826	9,283	10,109	827	9,476	10,303	819	9,762	10,581

FOOD SAFETY AND INSPECTION SERVICE

CLASSIFICATION BY OBJECTS1994 and Estimated 1995 and 1996

Personnel Compensation:	<u>1994</u>	<u>1995</u>	<u>1996</u>
Headquarters	28,391,000	31,502,000	36,402,000
Field	<u>310,128,000</u>	<u>316,700,000</u>	<u>343,969,000</u>
11 Total personnel compensation	338,519,000	348,202,000	380,371,000
12 Personnel benefits	88,371,000	90,726,000	99,051,000
13 Benefits for former personnel			
Total personnel compensation	<u>883,000</u>	<u>904,000</u>	<u>907,000</u>
and benefits	427,773,000	439,832,000	480,329,000
other Objects:			
21 Travel	18,271,000	18,840,000	21,803,000
22 Transportation of things	2,432,000	2,533,000	2,791,000
23 Communications, utilities			
and miscellaneous charges	7,195,000	7,599,000	8,465,000
24 Printing and reproduction	1,512,000	1,559,000	1,766,000
25 Other services	16,165,000	17,827,000	24,416,000
26 Supplies and materials	3,302,000	3,717,000	7,039,000
31 Equipment	1,320,000	1,567,000	6,154,000
41 Grants, subsidies and			
contributions	39,563,000	39,563,000	41,971,000
42 Insurance claims and			
indemnities	135,000	136,000	141,000
43 Interest and dividends	<u>15,000</u>	<u>15,000</u>	<u>14,000</u>
Total other projects	<u>89,910,000</u>	<u>93,356,000</u>	<u>114,560,000</u>
Total direct obligations	<u>517,683,000</u>	<u>533,188,000</u>	<u>594,889,000</u>

Position Data:

Average Salary, ES positions	112,305	115,225	117,990
Average Salary, GS positions	34,721	35,625	36,479
Average Grade, GS positions	8.66	8.66	8.66

FOOD SAFETY AND INSPECTION SERVICE

PASSENGER MOTOR VEHICLES

Age and mileage data for passenger motor vehicles on hand as of September 30, 1994 are as follows:

Age - Year <u>Model</u>	Age Data		Lifetime <u>Mileage</u> (thousands)	Mileage Data	
	<u>Number of Vehicles</u>	<u>Percent of Total</u>		<u>Number of Vehicles</u>	<u>Percent of Total</u>
1988 Toyota	1	100	65 - 75	1	100

The passenger motor vehicle owned by the Food Safety and Inspection Service is used by Import Inspectors in American Samoa.

FOOD SAFETY AND INSPECTION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Salaries and Expenses:

- For necessary expenses to carry on services authorized by the Federal Meat Inspection Act, as amended, [and] the Poultry Products Inspection Act, as amended, and the Egg Products Inspection Act, as amended,
- 1 [\$516,738,000] \$594,889,000, and in addition, \$1,000,000 may be credited to this account from fees collected for the cost of laboratory accreditation as authorized by section 1017 of Public Law 102-237: Provided, That this appropriation shall be available for activities
- 2 relating to Salmonella enteritidis and other human pathogens as authorized by section 2 of the Act of February 2, 1903, as amended (21 U.S.C. 111) and sections 4 and 5 of the Act of May 29, 1884, as amended (21 U.S.C. 120), but shall not be available for shell egg surveillance under section 5(d) of the Egg Products Inspection Act (21 U.S.C. 1034(d)). Provided further, That this appropriation shall be available for field employment pursuant to section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$75,000 shall be available for employment under 5 U.S.C. 3109: Provided further, That this appropriation shall be available pursuant to law (7 U.S.C. 2250) for the alteration and repair of buildings and improvements, but the cost of altering any one building during the fiscal year shall not exceed 10 per centum of the current replacement value of the building.

These changes authorize the Agency to obligate funds for the purpose of carrying out the Egg Products Inspection Act, as amended, and activities relating to the detection of Salmonella enteritidis and other human pathogens in meat, poultry, and egg products. These functions were transferred to the Agency pursuant to the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994 (P.L. 103-354).

SALARIES AND EXPENSES, CURRENT LAW

Appropriations Act, 1995	\$516,738,000
Budget Estimate, 1996	\$594,889,000
Increase In Appropriation	<u>+78,151,000</u>

Adjustments in 1995:

Appropriations Act, 1995	\$516,738,000	
Consolidation of Civil Rights Enforcement a/	-159,000	
Activities transferred from Agricultural Marketing Service b/.....	+10,425,000	
Activities transferred from Animal and Plant Health Inspection Service c/.....	<u>+6,184,000</u>	
Adjusted base for 1995		533,188,000
Budget Estimate, Current Law, 1996		594,889,000
Increase over adjusted 1995		<u>+61,701,000</u>

a/ Pursuant to Secretary's Memorandum No. 1020-42, dated September 26, 1994, the Department's Equal Employment Opportunities (EEO) counseling function shall henceforth be performed solely by the Office of Civil Rights Enforcement.

b/ Pursuant to Secretary's Memorandum No. 1010-1, on October 20, 1994, Egg Products Inspection, Salmonella enteritidis, and live animal pathogen reduction functions were transferred to this account from the Agricultural Marketing Service (AMS) and the Animal and Plant Health Inspection Service (APHIS). Actual transfer of \$10,425,000 from AMS is anticipated in 1995. The full annual cost of the activity is \$10,425,000 for 1995 and \$11,122,000 for 1996.

c/ Actual transfer of \$6,184,000 from APHIS is anticipated in 1995. The full annual cost of the activity is \$6,184,000 in 1995 and \$6,996,000 for 1996.

SALARIES AND EXPENSES, PROPOSED LEGISLATION

Budget Estimate, Current Law, 1996	\$594,889,000
Change due to proposed legislation	<u>-106,767,000</u>
Net Request, President's 1996 Budget Request	<u>\$488,122,000</u>

SUMMARY OF INCREASES AND DECREASES - CURRENT LAW
(On basis of appropriation)

<u>Item of Change</u>	1995 <u>Estimated</u>	Program <u>Changes</u>	Pay <u>Costs</u>	Other <u>Changes</u>	1996 <u>Estimated</u>
Slaughter Inspection....	\$310,722,000	+\$10,272,000	+\$5,797,000	+\$6,187,000	\$332,978,000
Processing Inspection...	127,104,000	+8,321,000	+2,297,000	+2,944,000	140,666,000
Egg Products Inspection.	10,425,000	+344,000	+170,000	+183,000	11,122,000
Import-Export Inspection	12,570,000	+864,000	+208,000	+235,000	13,877,000
Laboratory Services.....	18,620,000	-----	+334,000	+841,000	19,795,000
Pathogen Reduction.....	14,184,000	+11,871,000	-----	-----	26,055,000
Field Automation.....	-----	+8,425,000	-----	-----	8,425,000
Grants-to-States.....	<u>39,563,000</u>	<u>-----</u>	<u>-----</u>	<u>+2,408,000</u>	<u>41,971,000</u>
Total Available.....	<u>533,188,000</u>	<u>+40,097,000</u>	<u>+8,806,000</u>	<u>+12,798,000</u>	<u>594,889,000</u>

PROJECT STATEMENT - CURRENT LAW
(On basis of appropriation)

	1994 Actual		1995 Estimated		Increase or Decrease	1996 Estimated	
	Amount	Staff - Years	Amount	Staff - Years		Amount	Staff - Years
(a) Slaughter Inspection	\$311,941,391	6,646	\$310,722,000	6,758	\$22,256,000 (1)	\$332,978,000	6,864
(b) Processing Inspection	127,350,871	2,442	127,104,000	2,477	+13,562,000 (2)	140,666,000	2,594
(c) Egg products Inspection	10,728,000	178	10,425,000	180	+697,000 (3)	11,122,000	175
(d) Import/Export Inspection	12,607,847	201	12,570,000	207	+1,307,000 (4)	13,877,000	213
(e) Laboratory Services	18,695,263	322	18,620,000	337	+1,175,000 (5)	19,795,000	334
(f) Pathogen Reduction Program	11,016,000	48	14,184,000	81	+11,871,000 (6)	26,055,000	138
(g) Field Automation and Information Management	--	--	--	--	+8,425,000 (7)	8,425,000	--
(h) Grants-to--States	39,562,734	--	39,563,000	--	+2,408,000 (8)	41,971,000	--
Unobligated balance lapsing	145,894	--	--	--	--	--	--
Total Available or Estimate	532,048,000	9,837	533,188,000	10,040	+61,701,000	594,889,000	10,318
Transfer from Agricultural Marketing Service	-10,728,000	-178	-10,425,000	-180			
Transfer from Animal & Plant Health Inspection Service	-3,016,000	-48	-6,184,000	-81			
Transfer from other USDA Agencies	-1,566,000	--	--	--			
Transfer to Civil Rights	--	--	159,000	--			
Total Appropriation.....	516,738,000	9,611	516,738,000	9,779			

NOTE: A request has been submitted to Congress for a supplemental appropriation of \$9,082,000 in fiscal year 1995.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) A net increase of \$22,256,000 for Slaughter Inspection (\$310,722,000 available in 1995):

- (a) An increase of \$5,797,000 which includes \$964,000 for annualization of the fiscal year 1995 pay raise and \$4,833,000 for the anticipated fiscal year 1996 pay raise.
- (b) An increase of \$9,446,000 which reflects the cost of the 1994 (\$3,980,000) and the 1995 (\$5,466,000) locality pay raises.

The cost of providing meat and poultry inspection services continues to rise each year as a result of enacted Federal locality pay raises, increased costs of employee health care plans, retirement plans, and workman's compensation. Without this needed increase, absorption of increased costs of this magnitude can only be accomplished by reducing staff and services.

This requested increase will enable the Agency to meet rising Federal pay costs and contributions to the Federal Employee's Retirement Fund which covers the cost of new employees coming into this system, the Federal government portion of employee health benefits, and mandatory contributions to the Workman's Compensation Fund for employees injured on the job.

- (c) An increase of \$1,808,000 which reflects an increase in non-salary costs.
- (d) An increase of \$10,972,000 to provide staffing for all inspection vacancies.

The Food Safety and Inspection Service is responsible for the inspection of the nation's supply of meat and poultry to assure that it is slaughtered in a manner that will protect the consumer from health threats posed by chemicals and pathogens. This mission requires that the Agency conduct a complete and thorough inspection of every plant to ensure proper sanitation and handling, and inspection of every animal and bird slaughtered to ensure that all meat and poultry are free of disease.

The requested funds will enable the Agency to hire 269 additional slaughter inspectors to staff new lines and plants requiring inspection, and to fill existing in-plant inspector vacancies. The addition of these new inspectors will bring staffing coverage up to the level necessary to perform all required inspection tasks in slaughter plants.

- (e) A decrease of \$3,949,000 for the reduction in Federal employment costs.

In accordance with the Secretary's objective to streamline the Department in support of the President's Executive Order, the Agency will implement a plan to reduce the number of non-inspector positions.

To achieve the reduction target in the plan, FSIS will eliminate 145 staff years of its non-inspection positions during fiscal year 1996.

- (f) A decrease of \$993,000 for administrative efficiency.

In support of the President's Executive Order to promote the efficient use of resources for administrative purposes, FSIS is committed to reducing administrative costs.

Within the total increase, FSIS will decrease discretionary expenses in areas such as travel, supplies, printing and training by \$993,000 in fiscal year 1996.

- (g) A decrease of \$125,000 for FTS 2000 funding which reflects lower long distance telecommunications prices due to price redeterminations in the FTS 2000 contract.

- (h) A decrease of \$700,000 for field structure streamlining.

With the implementation of the Field Automation and Information Management (FAIM) Project, FSIS will have the capability to streamline reporting and support levels within the Agency's field structure.

With the aid of increased ADP improvements and communication abilities, the field structure can be streamlined in a manner that will produce greater efficiency and effectiveness. As part of the Agency's evaluation of the FAIM project, the Agency will review the current field structure and consolidate existing layers of managerial and program support as well as other administrative functions as supported by field automation. This reduction will include the elimination of 18 staff years.

- (2) An increase of \$13,562,000 for Processing Inspection (\$127,104,000 available in 1995):

- (a) An increase of \$2,297,000 which includes \$382,000 for annualization of the fiscal year 1995 pay raise and \$1,915,000 for the anticipated fiscal year 1996 pay raise.

- (b) An increase of \$4,120,000 which reflects the cost of the 1994 (\$1,845,000) and the 1995 (\$2,275,000) locality pay raises.

The cost of providing meat and poultry inspection services continues to rise each year as a result of enacted Federal locality pay raises, increased costs of employee health care plans, retirement plans, and workman's compensation. Without this needed increase, absorption of increased costs of this magnitude can only be accomplished by reducing staff and services.

This requested increase will enable the Agency to meet rising Federal pay costs and contributions to the Federal Employee's Retirement Fund which covers the cost of new employees coming into this system, the Federal government portion of employee health benefits, and mandatory contributions to the Workman's Compensation Fund for employees injured on the job.

- (c) An increase of \$845,000 which reflects an increase in non-salary costs.

- (d) An increase of \$7,719,000 to provide staffing for all inspection vacancies.

The Food Safety and Inspection Service is responsible for the inspection of the nation's supply of meat and poultry to assure that it is processed in a manner that will protect the consumer from health threats posed by chemicals and pathogens. This mission requires that the Agency conduct a complete and thorough inspection of every processing plant on a daily basis to ensure proper sanitation and handling.

The requested funds will enable the Agency to hire 175 additional processing inspectors to staff new lines and plants requiring inspection, and to fill existing in-plant inspector vacancies. The addition of these new inspectors will bring staffing coverage up to the level necessary to perform all required inspection tasks in processing plants.

- (e) An increase of \$902,000 to further enhance the current meat and poultry inspection system.

New developments in food technology, scientific advances, consumer expectations, industry facilities, and equipment and operations require the Agency to continuously improve and expand its inspection program to accommodate these changes and maintain the safety of the food supply.

In order to accommodate these changes, the Agency will develop and test plans to determine the feasibility of using alternative inspection methods that maximize the use of science and technology, improve the quality of work, and carry out in-plant regulatory inspection.

- (f) A decrease of \$1,556,000 for the reduction in Federal employment costs.

In accordance with the Secretary's objective to streamline the Department in support of the President's Executive Order, the Agency will implement a plan to reduce the number of non-inspector positions.

To achieve the reduction target, FSIS will eliminate 52 staff years of its non-inspection positions during fiscal year 1996.

- (g) A decrease of \$414,000 for administrative efficiency.

In support of the President's Executive Order to promote the efficient use of resources for administrative purposes, FSIS is committed to reducing administrative costs.

Within the total increase, FSIS will decrease discretionary expenses in areas such as travel, supplies, printing and training by \$414,000 in fiscal year 1996.

- (h) A decrease of \$51,000 for FTS 2000 funding which reflects lower long distance telecommunications prices due to price redeterminations in the FTS 2000 contract.

- (i) A decrease of \$300,000 for field structure streamlining.

With the implementation of the Field Automation and Information Management (FAIM) project, FSIS will have the capability to streamline reporting and support levels within the Agency's field structure.

With the aid of increased ADP improvements and communication abilities, the field structure can be streamlined in a manner that will produce greater efficiency and effectiveness. As part of the Agency's evaluation of the FAIM project, the Agency will review the current field structure and consolidate existing layers of managerial and program support as well as other administrative functions as supported by field automation. This reduction will include the elimination of 6 staff years.

- (3) A net increase of \$697,000 for Egg Products Inspection (\$10,425,000 available in 1995):

- (a) An increase of \$170,000 for the anticipated fiscal year 1996 pay raise.

- (b) An increase of \$293,000 which reflects the cost of the 1994 (\$132,000) and the 1995 (\$161,000) locality pay raises.

The cost of providing egg products inspection service continues to rise each year as a result of enacted Federal locality pay raises, increased costs of employee health care plans, retirement plans, and workman's compensation. Without this needed increase, absorption of increased costs of this magnitude can only be accomplished by reducing staff and services.

This requested increase will enable the Agency to meet rising Federal pay costs and contributions to the Federal Employee's Retirement Fund which covers the cost of new employees coming into this system, the Federal government portion of employee health benefits, and mandatory contributions to the Workman's Compensation Fund for employees injured on the job.

- (c) An increase of \$60,000 which reflects an increase in non-salary costs.
- (d) An increase of \$344,000 for the *Listeria monocytogenes* testing program for Egg Products Inspection.

Analysis of data compiled during the last two years indicates that current USDA pasteurization time and temperature requirements may be inadequate to destroy more resistant human pathogens, such as pathogenic bacterium *Listeria monocytogenes* (Lm) in egg products. Lm is more resistant than other non-spore forming bacteria, making it more difficult to control through current pasteurization procedures.

To evaluate the risk of thermal-resistant pathogens in egg products, FSIS has conducted analysis of improved methods jointly with research in the Agricultural Research Service (ARS). This project involves an exploratory sampling program on commercially pasteurized product. The requested increase is necessary to complete this research and includes funds for 1 additional staff year.

Until an appropriate method of destroying *Salmonella* is determined, FSIS will increase sampling and testing requirements for egg products to better ensure product safety. Egg products plants will be required to test for the pathogen as specified by FSIS. Based on the results of initial investigations, FSIS will conduct further analysis of improved methods in cooperation with ARS to determine if increased pasteurization time and temperature requirements will destroy foodborne pathogens without harming the functional properties of the final product.

- (e) A decrease of \$102,000 for the reduction in Federal employment costs.

In accordance with the Secretary's objective to streamline the department in support of the President's Executive Order, the Agency will implement a plan to reduce the number of non-inspector positions.

To achieve the reduction target, FSIS will eliminate 6 staff years of its non-inspection positions during fiscal year 1996.

- (f) A decrease of \$58,000 for administrative efficiency.

In support of the President's Executive Order to promote the efficient use of resources for administrative purposes, FSIS is committed to reducing administrative costs.

Within the total increase, FSIS will decrease discretionary expenses in areas such as travel, supplies, printing and training by \$58,000 in fiscal year 1996.

- (g) A decrease of \$10,000 for FTS 2000 funding which reflects lower long distance telecommunications prices due to price redeterminations in the FTS 2000 contract.

- (4) A net increase of \$1,307,000 for Import/Export Inspection (\$12,570,000 available in 1995):

- (a) An increase of \$208,000 which includes \$34,000 for annualization of the fiscal year 1995 pay raise and \$174,000 for the anticipated fiscal year 1996 pay raise.

- (b) An increase of \$395,000 which reflects the cost of the 1994 (\$177,000) and the 1995 (\$218,000) locality pay raises.

The cost of providing meat and poultry inspection services continues to rise each year as a result of enacted Federal locality pay raises, increased costs of employee health care plans, retirement plans, and workman's compensation. Without this needed increase, absorption of increased costs of this magnitude can only be accomplished by reducing staff and services.

This requested increase will enable the Agency to meet rising Federal pay costs and contributions to the Federal Employee's Retirement Fund which covers the cost of new employees coming into this system, the Federal government portion of employee health benefits, and mandatory contributions to the Workman's Compensation Fund for employees injured on the job.

- (c) An increase of \$107,000 which reflects an increase in non-salary costs.

- (d) An increase of \$864,000 to strengthen import-export inspections.

The Meat and Poultry Inspection Acts charge FSIS with the responsibility of protecting the consumer from hazardous chemical residues and bacteriological contamination of imported meat and poultry products. In addition, the Agency is responsible for assisting U.S. exporters in meeting the requirements of importers in foreign countries and facilitating the sale of U.S. products abroad.

Due to an increase in the number of foreign countries seeking eligibility to import to the U.S., the Agency requires additional funds for 7 additional inspectors to conduct in-depth reviews of the inspection systems and safeguards of product wholesomeness provided by the governments of countries wishing to export meat and poultry products to the United States. In addition, an international liaison position will be created. The liaison will work with official foreign health authorities visiting U.S. meat and poultry establishments to assure the acceptability of American products for export.

- (e) A decrease of \$164,000 for the reduction in Federal employment costs.

In accordance with the Secretary's objective to streamline the department in support of the President's Executive Order, the Agency will implement a plan to reduce the number of non-inspector positions.

To achieve the reduction target, FSIS will eliminate 2 of its non-inspection staff years during fiscal year 1996.

- (f) A decrease of \$97,000 for administrative efficiency.

In support of the President's Executive Order to promote the efficient use of resources for administrative purposes, FSIS is committed to reducing administrative costs.

Within the total increase, FSIS will decrease discretionary expenses in areas such as travel, supplies, printing and training by \$97,000 in fiscal year 1996.

- (g) A decrease of \$6,000 for FTS 2000 funding which reflects lower long distance telecommunications prices due to price redeterminations in the FTS 2000 contract.

- (5) A net increase of \$1,175,000 for laboratory testing of meat and poultry products (\$18,620,000 available in 1995):

- (a) An increase of \$334,000 which includes \$56,000 for annualization of the fiscal year 1995 pay raise and \$278,000 for the anticipated fiscal year 1996 pay raise.

- (b) An increase of \$773,000 which reflects the cost of the 1994 (\$347,000) and the 1995 (\$426,000) locality pay raises.

The cost of providing meat and poultry inspection services continues to rise each year as a result of enacted Federal locality pay raises, increased costs of employee health care plans, retirement plans, and workman's compensation. Without this needed increase, absorption of increased costs of this magnitude can only be accomplished by reducing staff and services.

This requested increase will enable the Agency to meet rising Federal pay costs and contributions to the Federal Employee's Retirement Fund which covers the cost of new employees coming into this system, the Federal government portion of employee health benefits, and mandatory contributions to the Workman's Compensation Fund for employees injured on the job.

- (c) An increase of \$507,000 which reflects an increase in non-salary costs.
- (d) A decrease of \$265,000 for the reduction in Federal employment costs.

In accordance with the Secretary's objective to streamline the department in support of the President's Executive Order, the Agency will implement a plan to reduce the number of non-inspector positions.

To achieve the reduction target, FSIS will eliminate 3 staff years of its non-inspection positions during fiscal year 1996.

- (e) A decrease of \$167,000 for administrative efficiency.

In support of the President's Executive Order to promote the efficient use of resources for administrative purposes, FSIS is committed to reducing administrative costs.

Within the total increase, FSIS will decrease discretionary expenses in areas such as travel, supplies, printing and training by \$167,000 in fiscal year 1996.

- (f) A decrease of \$7,000 for FTS 2000 funding which reflects lower long distance telecommunications prices due to price redeterminations in the FTS 2000 contract.

- (6) An increase of \$11,871,000 for the Pathogen Reduction Program (\$14,184,000 available in 1995):

- (a) An increase of \$11,059,000 for the development of food methodologies for the control of microbiological pathogens.

Continuing outbreaks of foodborne illness associated with consumption of meat and poultry products erode public confidence in this important segment of the food supply. Bold regulatory and statutory initiatives by the Food Safety and Inspection Service will require the industry to make changes which, in the long run, should substantially reduce the problem. However, the Agency urgently needs new research, new inspection techniques, new detection methods, and new consumer education strategies to control, reduce and ultimately prevent the occurrence of microbial contamination of the full range of meat and poultry products.

The farm-to-table concept serves as the strategic framework for ongoing and proposed pathogen reduction activities. To reduce and eliminate the presence of pathogens in meat, poultry, and egg products, FSIS will enhance its microbiological activities throughout the areas of slaughter, processing, enforcement and consumer education. To accomplish this, the Agency is accelerating its microbial baseline studies which will establish national standards for pathogen levels in meat, poultry, and egg products.

FSIS also plans to enhance its testing capability to include methods development research as well as programs to strengthen and expand testing for the presence of E.coli 0157:H7 in raw products and the development of epidemiological baselines for meat and poultry products. This funding will also assist the Agency test and implement new inspection procedures that will enable the workforce to verify that safe product is being produced. Through such vehicles as communications improvements, FSIS will be able to enhance its risk assessment and predictive microbiology efforts so that practical results are rapidly available to its workforce. In addition, the requested increase includes funds for 29 additional staff years that are necessary to continue research in this area.

- (b) An increase of \$812,000 to carry out the live animal pathogen reduction program.

The goal of the live animal pathogen reduction program is to enhance the safety and wholesomeness of animal food products. Live animal food safety programs are needed to prevent human foodborne illness by reducing biological and chemical pathogens at the farm level. The program focuses on risk assessment techniques, Hazard Analysis and Critical Control Point (HACCP) systems, data collection and analysis, identification and traceback, and monitoring and surveillance activities. In addition, as part of the live animal activities, FSIS will oversee the Salmonella enteritidis program. The goal of the Salmonella enteritidis program is to reduce the prevalence of Salmonella bacteria in both domestic and imported table eggs. Through these proactive approaches, FSIS will increase the overall awareness of food safety factors on the farm-to-table continuum which in turn will lead to increased consumer confidence in the safety of the food supply and strengthen USDA's ability to help prevent food safety problems at the production level. By achieving higher food safety standards than our trading competitors, U.S. producers will have a decided advantage in securing competitive international markets.

In fiscal year 1996, the Agency will continue to implement the live animal segments of the pathogen reduction program. FSIS will collaborate with public health officials to trace back and investigate foodborne disease outbreaks such as E.coli 0157:H7, Listeria monocytogenes, salmonella, and campylobacter. FSIS will also continue to carry out expanded diagnostic testing for potential foodborne pathogens using samples generated by existing monitoring and surveillance activities and tracebacks as well as investigations on some foodborne disease outbreaks. This increase will also enable the Agency to hire 28 additional inspectors to fill current vacancies.

- (7) An increase of \$8,425,000 for the Field Automation and Information Management (FAIM) Project (\$0 available in 1995).

- (a) The inspection workforce is dispersed through more than 6,000 plants, 150 import locations, 26 Area Offices, 5 Regional Offices, and 3 field laboratories as well as headquarters locations. However, there is currently no automated system in place to facilitate timely management decisions and communication among the workforce.

The creation of a modern science based inspection program and the safety of the Nation's food supply require the ability for these various points to communicate rapidly with one another, to transmit instructions and laboratory test results to the in-plant inspector, and for them to transmit inspection findings and other information to managers and technical support staffs. Administrative efficiencies gained by this project will facilitate the streamlining of inspection support operations. Savings from these efficiencies are reflected in slaughter and processing activities.

The requested increase will be the first year of a five year project to begin a nationwide effort to place microcomputers in plants and in the hands of the inspection personnel. Approximately 800 microcomputers will be installed in field locations, and central computer facilities will be upgraded to enable them to handle the additional workload associated with the field computers.

- (8) An increase of \$2,408,000 for Grants-to-States (\$39,563,000 available in 1995):
 - (a) An increase of \$2,408,000 which reflects an increase in non-salary costs.

Food Safety and Inspection Service

Summary of Proposed Legislation

SUMMARY OF INCREASES AND DECREASES -- PROPOSED LEGISLATION

<u>Item of Change</u>	<u>1996</u>		
	<u>Current Law</u>	<u>Program Changes</u>	<u>President's Request</u>
Slaughter Inspection	\$332,978,000	-\$68,369,000	\$264,609,000
Processing Inspection	140,666,000	-28,305,000	112,361,000
Egg Products Inspection...	11,122,000	-1,767,000	9,355,000
Import-Export Inspection .	13,877,000	-2,816,000	11,061,000
Laboratory Services	19,795,000	-5,510,000	14,285,000
Pathogen Reduction	26,055,000	--	26,055,000
Field Automation.....	8,425,000	--	8,425,000
Grants-to-States	<u>41,971,000</u>	<u>--</u>	<u>41,971,000</u>
Total Available	<u>594,889,000</u>	<u>-106,767,000</u>	<u>488,122,000</u>

Explanation of Proposed Legislation

Legislation will be submitted providing authority to USDA to collect fees for the cost of all inspection services performed at times other than during an approved primary shift, as established by regulation. Estimated costs to be recovered in FY 1996 through this legislative change would be \$106.8 million. For FY 1997 and thereafter, these sums shall be credited to the Food Safety and Inspection Service account, to be available for carrying out the purposes of the inspection programs without further appropriations.

The meat, poultry, and egg inspection services for all regularly scheduled and approved shifts are paid with federal funds. Establishments that operate beyond approved regularly scheduled shifts pay overtime costs for inspection. Establishments with more than one regularly scheduled and approved shift are generally large plants with sizeable production. Establishments that do not have enough production to warrant an additional complete shift must pay overtime. These establishments tend to be smaller plants. In a sense, some larger establishments are operating in permanent overtime status. To put large and small establishments on equal footing, all establishments that operate outside of a single approved primary shift will be required to pay for the costs of the additional inspection. These fees are estimated to have a negligible impact on prices.

Food Safety and Inspection Service
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS
 1994 and Estimated 1995 and 1996

	FY 1994		FY 1995		FY 1996	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Alabama	\$19,295,024	439	\$19,342,000	448	21,580,000	462
Alaska	315,000	0	316,000	0	352,000	0
Arizona	987,836	11	990,000	11	1,105,000	12
Arkansas	26,887,643	638	26,953,000	651	30,072,000	671
California	32,033,235	626	32,111,000	639	35,827,000	659
Colorado	7,890,153	177	7,909,000	181	8,824,000	186
Connecticut	1,514,803	29	1,518,000	30	1,694,000	31
Delaware	4,596,310	105	4,607,000	107	5,141,000	110
District of Columbia ...	70,515,539	690	70,686,000	704	78,866,000	698
Florida	8,407,694	135	8,428,000	138	9,403,000	142
Georgia	32,976,457	635	33,056,000	648	36,881,000	668
Hawaii	1,338,293	2	1,342,000	2	1,497,000	2
Idaho	2,443,016	52	2,449,000	53	2,732,000	55
Illinois	14,726,159	228	14,762,000	233	16,470,000	240
Indiana	6,981,523	114	6,998,000	116	7,808,000	120
Iowa	20,029,069	427	20,077,000	436	22,401,000	449
Kansas	13,094,544	272	13,126,000	278	14,645,000	286
Kentucky.....	6,371,099	137	6,387,000	140	7,126,000	144
Louisiana	5,932,965	97	5,947,000	99	6,636,000	102
Maine	1,086,401	21	1,089,000	21	1,215,000	22
Maryland	10,039,132	202	10,063,000	206	11,228,000	212
Massachusetts	2,828,845	58	2,836,000	59	3,164,000	61
Michigan	8,388,431	178	8,409,000	182	9,382,000	187
Minnesota	14,215,267	312	14,250,000	318	15,899,000	328
Mississippi	12,295,891	276	12,326,000	282	13,752,000	290
Missouri	19,657,851	362	19,705,000	369	21,986,000	381
Montana	2,220,074	36	2,225,000	37	2,483,000	38
Nebraska	14,289,298	332	14,324,000	339	15,981,000	349
Nevada	453,294	9	454,000	9	507,000	9
New Hampshire	550,047	11	551,000	11	615,000	12
New Jersey	6,329,947	129	6,345,000	132	7,080,000	136
New Mexico	1,482,430	23	1,486,000	23	1,658,000	24
New York	12,537,079	250	12,567,000	255	14,022,000	263
North Carolina	19,489,622	399	19,537,000	407	21,798,000	420
North Dakota	1,359,917	27	1,363,000	28	1,521,000	28
Ohio	11,177,486	144	11,205,000	147	12,501,000	151
Oklahoma	5,058,636	81	5,071,000	83	5,658,000	85
Oregon	3,871,989	78	3,881,000	80	4,330,000	82
Pennsylvania	21,217,759	449	21,269,000	458	23,730,000	472
Rhode Island	508,322	11	510,000	11	569,000	12
South Carolina	6,535,987	129	6,552,000	132	7,310,000	136
South Dakota	3,418,944	67	3,427,000	68	3,824,000	70
Tennessee	6,961,843	149	6,979,000	152	7,786,000	157
Texas	32,960,964	607	33,041,000	620	36,864,000	639
Utah	2,834,872	48	2,842,000	49	3,171,000	50
Vermont	604,765	8	606,000	8	676,000	8
Virginia	11,528,905	242	11,557,000	247	12,894,000	255
Washington	5,742,361	122	5,756,000	125	6,422,000	128
West Virginia	2,448,753	47	2,455,000	48	2,739,000	49
Wisconsin	9,822,293	148	9,846,000	151	10,985,000	156
Wyoming	263,141	0	264,000	0	294,000	0
Guam	23,191	1	23,000	1	26,000	1
Puerto Rico	3,079,889	65	3,087,000	66	3,445,000	68
Samoa	43,641	1	44,000	1	49,000	1
Virgin Islands	58,475	1	59,000	1	65,000	1
Foreign Countries	180,002	0	180,000	0	200,000	0
Subtotal, Available or Estimate	531,902,106	9,837	533,188,000	10,040	594,889,000	10,318
Unobligated balance	145,894	—	—	—	—	—
Total, Available or Estimate	532,048,000	9,837	533,188,000	10,040	594,889,000	10,318

FOOD SAFETY AND INSPECTION SERVICE

STATUS OF PROGRAM

MEAT, POULTRY, AND EGG PRODUCTS INSPECTIONCurrent Activities: Program responsibilities include:

1. Ensuring that meat, poultry, and egg products are safe, wholesome, and properly labeled; and preventing the movement or sale in commerce of any meat, poultry or egg products which are adulterated, unwholesome, or mislabeled.
2. Inspecting, before and after slaughter, those birds and animals intended for use as food for humans and maintaining surveillance of the further processing of meat and poultry products to assure food safety.
3. Providing pathological, microbiological, chemical, and other scientific examination of meat, poultry and egg products for disease, infection, contamination, or other types of adulteration.
4. Conducting emergency operations in connection with the voluntary recall of meat, poultry and egg products containing chemical, microbial, or other adulterants.
5. Reviewing and assessing the effectiveness of State inspection programs to ensure that standards at least equal to those under the Federal Acts are applied to meat and poultry plants under State jurisdiction.
6. Reviewing and assessing foreign inspection systems and facilities that export meat and poultry to the United States to ensure that standards are maintained equal to those in the United States. Reinspecting imported meat and poultry products at port of entry to ensure that product meets Federal standards.
7. Facilitating the export of United States meat and poultry products by obtaining the inspection requirements of foreign governments and negotiating the equivalence of United States inspection procedures.
8. Monitoring allied industries to prevent uninspected, unwholesome, or mislabeled meat, poultry, and egg products from illegally entering channels of commerce.
9. Conducting epidemiological investigations based on reports of foodborne health hazards and disease outbreaks.
10. Providing public information to ensure the safe handling of meat, poultry and egg products by consumers.

Selected Examples of Recent Progress:

1. Inspection Activities:

FSIS has over 7,500 full-time inspectors operating in approximately 6,000 federally inspected plants throughout the United States. It is their responsibility to monitor the slaughter and processing of all meat and poultry products produced for interstate commerce in the United States. In addition to meat and poultry inspection, FSIS inspectors are responsible for providing continuous in-plant inspection for domestic and imported egg products. The inspectors help ensure that the nation's supply of meat, poultry, and egg products is safe, wholesome, and correctly labeled and packaged.

2. Emergency Activities:

Product Recalls. FSIS conducts a program to handle emergency actions concerning residue, microbiological, and other contamination problems. This program oversaw actions on 42 recalls during fiscal year 1994. The recalls involved eight different pork products, 12 beef products, 13 poultry products, and nine multi-species products that led to the reprocessing or destruction of 612,733 pounds of violative product. The primary causes of product recalls were microbiological and chemical hazards, processing or container defects, and extraneous materials. In these cases, press releases were issued to inform the public of the recall situation and advise them of FSIS actions.

3. Departmental Reorganization. On October 13, 1994, the President signed the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994 (P.L. 103-354). Pursuant to this law the Agencies and activities of the Department of Agriculture were streamlined, consolidated and restructured to provide a more effective and efficient delivery of services. In accordance with Secretary's Memorandum 1010-1, the position of Under Secretary for Food Safety was established to supervise all activities of FSIS. The Under Secretary of Food Safety was delegated the responsibility to carry out the Egg Products Inspection Act, the Salmonella enteritidis reduction program, and pathogen reduction activities, including live animal pathogen reduction. FSIS will begin carrying out these initiatives in fiscal year 1995.

4. Enhanced Scientific Activities:

- a. Microbiological Baseline Data Collection. USDA has designed its first nationwide Microbiological Baseline Data Collection Program to assist in identifying and enumerating the presence of pathogenic bacteria and indicator organisms on cuts of meat produced under Federal inspection. These studies are now a key feature of the Pathogen Reduction Program. The studies include testing for the presence of *E.coli* 0157:H7 and several other pathogens on beef. The establishment of a base-level profile for meat and poultry will provide a yardstick for measuring the effectiveness of changes over time. In fiscal year 1994, FSIS extended its Microbiological Baseline Data Collection Program to include broiler chickens and cows and bulls. Pork and other raw meat and poultry products will also be included in 1995 Microbiological Baseline Data Collection Programs. Additionally, a nationwide retail ground beef microbiological survey was conducted in fiscal year 1994, as part of the pathogen reduction program. The objective of this survey was to assess the prevalence of, and develop baseline levels for, selected microorganisms in raw ground beef at the retail level. A total of 600 fresh ground beef samples were collected and analyzed in this survey.

- b. Listeria monocytogenes. FSIS has conducted monitoring programs for the presence of Listeria monocytogenes in cooked, ready-to-eat meat and poultry products since 1987. Since proper cooking should destroy the presence of these pathogenic bacteria, the finding of these organisms in fully cooked, ready-to-eat products leads to regulatory action by FSIS, in the form of a product recall, with subsequent intensified sampling of product produced at the implicated plant. In fiscal year 1994, FSIS continued monitoring programs for Listeria monocytogenes in meat and poultry products.
- c. Enterohemorrhagic Escherichia: E. coli 0157:H7. On March 28, 1994, FSIS published a final rule requiring safe cooking and handling instructions for meat and poultry products which are not-ready-to-eat. In addition, a cooked patty microbiological regulatory program was implemented in March of 1994, to test fully-cooked, ready-to-eat meat patties for E.coli 0157:H7. In fiscal year 1994, FSIS also initiated a microbiological testing program for E.coli 0157:H7 in raw comminuted (ground) beef products collected at federally inspected establishments and at the retail level. The sampling program is designed to analyze 5,000 samples (2,500 from federally inspected establishments and at retail) as well as a limited number of samples from both State inspected establishments and product imported into the United States.
- d. Microbial Methods Development Contracts. In its efforts to enhance the meat and poultry inspection programs, FSIS initiated the following five methods development contracts in fiscal year 1994:
 1. To develop rapid direct methods to Quantitate Specific Microbial Pathogens in Meat and Poultry Products.
 2. To develop a specific, rapid Immunoassay Based Test Kit to Differentially detect both the Diarrheal Syndrome Toxin and the Emetic Syndrome Toxin of Bacillus cereus in Meat and Food Products and Culture Fluids.
 3. To develop rapid Direct Non-Enrichment Methods to Detect Specific Microbial Pathogens in Meat and Poultry Products.
 4. To develop specific Nucleic Acid Probe-based Systems and Detection Methodology for pathogenic Yersinia enterocolitica in raw pork products.
 5. To develop an End Point Test for Detecting under heat processed Meat and Poultry Products for in-plant.
- e. Rapid Tests and Chemical Residues. In fiscal year 1994, FSIS conducted an estimated 93,428 Swab Test on Premises (STOP) tests to detect the presence of antibiotics in meat and poultry. Approximately 54,783 Calf Antibiotic and Sulfa Tests (CAST) were conducted to detect antibiotics and sulfa drugs in bob veal calves, and 87,500 Sulfa on Site (SOS) tests were conducted to detect violative levels of drug sulfamethazine in hogs. The Fast Antimicrobial Screen Test (FAST) was developed in 1991 to replace CAST and STOP. It detects both antibiotics and sulfonamide drug residues in animal tissues. The preliminary report produced from the analysis of data gathered from the field tests which concluded at the end of January 1992, indicates that the FAST test is as accurate as the STOP and CAST tests. FAST is being produced commercially, and was implemented in five calf plants in January 1994. Training manuals have been developed, and field supplies have been provided for performing the FAST test to inspectors in the field. In fiscal year 1995, FAST will be evaluated for use in swine slaughter plants.

- f. Residue Violation Information System (RVIS). RVIS is a nationwide interagency information system designed by FSIS and accessible around the clock, every day, to track tissue residue violations and regulatory actions of FSIS and the Food and Drug Administration (FDA) involving drug, pesticide and other chemical residues in domestically slaughtered livestock and poultry. A violation is identified whenever a carcass is tested and found to contain residues exceeding limits set by the FDA and the Environmental Protection Agency. FSIS and the FDA share regulatory responsibilities at a federal level for control of tissue residues in slaughtered livestock and poultry. RVIS is central to all residue violation cases at headquarters and field levels. During fiscal year 1994, FDA and FSIS worked together to link the FDA database of on-farm investigations with RVIS. Through this innovation, a direct downloading of valuable pre-harvest investigative information is integrated into RVIS, further enhancing and unifying interagency communication and productivity. Approximately 23,000 producers or dealers with residue violations have been tracked in RVIS since its beginning in 1988.
- g. Monitoring Staphylococcus aureus Enterotoxins. In September 1994, FSIS implemented a program to monitor manufacturing practices and production of dry and semi-dry ready-to-eat fermented sausages by way of analyzing the finished product for Staphylococcus aureus enterotoxins. Improper fermentation may result in the growth of staphylococci and potential formation of enterotoxin, which poses a human health hazard. The Western laboratory will analyze approximately fifteen samples per month randomly collected from the population of plants producing applicable products. The sampling will continue until all plants have been randomly sampled at least once. The sampling cycle will then be repeated.
- h. Live Animal Pathogen Reduction Program. The primary focus of this part of the Pathogen Reduction Program is on the beginning of the food production continuum - live animal production, marketing, and transportation to the slaughtering facility. Many information voids exist in this segment of the food production chain. Therefore, much of the initial effort has been directed to defining research which will provide information necessary to develop effective public health programs.

FSIS, in close coordination with APHIS, initiated the Interagency Working Group on live animal activities to assist in defining and coordinating research activities. This group, composed of several USDA agencies and the FDA, received valuable information from a variety of sources including academia and producer organizations. This work group served as a model for the USDA Pathogen Reduction Task Force, which was created in 1993. In fiscal year this Task Force completed and published a report that identifies research and educational needs for the entire food production continuum. FSIS is currently working with the National Live Stock and Meat Board to develop a blueprint for the industry to manage the food safety risks associated with E.coli 0157:H7 and other foodborne pathogens.

5. Inspection Improvement and Modernization:

- a. Performance Based Inspection System. The Performance Based Inspection System (PBIS) is a computer based system for organizing inspection requirements, scheduling inspection activities, and recording inspection findings. PBIS provides FSIS with an easily accessible data bank on plant performance by scheduling and tracking inspection findings in processing plants. Its records document plant performance, forming a sound basis for uniform enforcement decisions. In fiscal year 1994, modifications to the January 1992 edition of the Inspection System Guide (ISG) were published. These modifications were used to update plant

monitoring programs that are used to produce the Inspection Assignment Schedule. By employing the PBIS system the Agency is able to determine the workload of the plants much more accurately and gauge the number of staff years that a particular facility may require more accurately.

- b. Hazard Analysis Critical Control Point (HACCP) System. The tragic outbreak of foodborne illness from E. coli in January 1993 heightened the urgency for improved controls and new ways to enhance food safety. FSIS has initiated rulemaking that proposes to fill voids in the current inspection system. The proposed rule will require that measures such as antimicrobial treatment, time/temperature controls, sanitation operating procedures, and requirements for industry to use microbial tests to verify process control, will assist in targeting and reducing the presence of pathogenic micro-organisms in meat and poultry products. FSIS' proposal will require that all meat and poultry plants adopt the HACCP approach to producing safe food. FSIS also plans to take steps to encourage preventive measures on the farm, require preventive controls during transportation, and support State-based HACCP controls at retail.
- c. Progressive Enforcement Action. The Progressive Enforcement Action (PEA) was developed to provide instructions to FSIS employees for application of increasingly severe enforcement actions when establishments have demonstrated an unwillingness or inability to maintain plant facilities and operations in compliance with FSIS regulatory requirements.

The program details the stages of action inspectors will employ to bring plants back into compliance with the inspection acts. At any point in the process, a plant manager has the option of terminating sanctions by correcting the deficiencies that caused enforcement actions to be taken against the plant. Stage I begins when inspection personnel have documented repeated failures in a plant's performance and plant management is unable or unwilling to act to effectively prevent recurrences. At this stage, the inspector in charge meets with plant officials to inform them of the specific pattern of problems and begins the process that can lead to either corrective actions or progressively stronger regulatory action.

In Stage II, the plant is given a plan of action for corrective actions and is given approximately 180 days to achieve them. After correction of the problems, the plant is gradually returned to its normal inspection pattern. If the plant does not satisfactorily accomplish the required corrections, the program proceeds to the third stage.

The objective of Stage III is to provide non-compliant plants with a final opportunity for correcting deficiencies prior to initiating formal legal action to withdraw inspection. Failure to comply with the provisions of the law may result in refusal, suspension, or withdrawal of inspection services and/or the imposition of criminal or civil sanctions.

During fiscal year 1994, FSIS implemented a system to track the performance of establishments which have been identified as not maintaining their operations in compliance with FSIS regulatory requirements. These are operations that have either been examined and issued Accelerated Deficiency Notices, or been placed under the oversight of PEA monitoring. At any given time during the past fiscal year, there were upwards of 200 federally inspected operations nationwide operating under various levels of PEA ranging from stage 1, step 1, the normal entry level stage, to Intensified Regulatory Enforcement (IRE), which is the level utilized in inspected plants which continually fail to meet the minimum standards of the Agency.

- d. Clean Meat Production. During the process of slaughtering animals, contamination of edible meat with contents from the digestive tract or mammary gland may occur. FSIS, by regulation, requires the removal of contaminants from an otherwise wholesome product. A memorandum of instruction was developed and issued in December 1993 to augment the existing zero tolerance policy for fecal, ingesta, and milk contamination in cattle. In-plant correlation sessions were conducted in all beef slaughter plants demonstrating the proper removal of contamination and reiterating the proper safeguards for controlling and preventing the occurrence of fecal, ingesta, and milk contamination. Re-correlation sessions have been conducted on an as-needed basis to ensure uniform application of the zero tolerance policy. State directors and FSIS Training Center personnel also received correlation session training and correlation materials during 1994.

As part of the implementation of the Cattle Clean Meat Program, reviews were conducted of the Carcass Acceptable Quality Level (AQL) and Standards for Boneless Beef programs. Both programs were revised to make fecal or ingesta contamination defects an automatic failure and these standards were incorporated into the memorandum of instructions for the Cattle Clean Meat Program.

- e. Enhanced Poultry Inspection: In fiscal year 1994, FSIS published a proposed rule that would implement a new system of post-mortem inspection for all classes of poultry. FSIS proposed that all existing systems be replaced with a single system in which two inspectors would staff each poultry processing line. In addition, FSIS proposed that antimicrobial treatments be used on all poultry carcasses, that establishment employees remove unwholesome poultry from the line before inspection, that all reprocessed birds be reinspected by FSIS inspectors, and that establishments perform record keeping and verification activities. FSIS is currently reviewing the comments received on this proposal.
- f. Workplace Safety. In fiscal year 1994, FSIS took significant steps to enhance the well being of its employees. Workplace safety for FSIS inplant inspection personnel was given special emphasis to assist in preventing tragedies such as the September 1991 fire in a poultry plant in Hamlet, NC, where 25 plant workers died. Since then, FSIS has redoubled efforts regarding fire safety including annual reviews of plant emergency plans; developing guidance on securing exit doors in meat and poultry plants; increasing safety training for employees; and reemphasizing occupational health and safety committees.

In fiscal year 1994, FSIS acted to improve workplace safety as follows:

- 1) All inplant FSIS personnel received a wellness training program, providing inspection staff information on managing physical and mental stress.
- 2) To help reduce the potential for cumulative trauma disorders, an ergonomically designed poultry inspection station is being developed. As part of this effort, several employee suggestions to revise inspection systems are being evaluated for their potential in preventing cumulative trauma disorder.
- 3) FSIS established with APHIS a joint task force to study the hazards related to occupational exposure to zoonotic diseases, which are diseases transmitted from animals to man, such as tuberculosis and brucellosis. The task force's recommendations include development of a baseline profile of FSIS employees to determine the extent of the problem with zoonotic diseases, an epidemiological questionnaire, and a medical monitoring health plan. Risk abatement requirements for

zoonotic diseases will be addressed after results from the baseline profile are received and analyzed to quantify the risk to employees.

4) FSIS developed instructions concerning rodent control inspection activities that would allow field personnel to minimize their potential exposure to the Hanta virus.

5) FSIS prepared interim guidelines regarding the wearing of protective equipment by inspectors in plants where trisodium phosphate is used as an antimicrobial agent on raw poultry carcasses. Final guidelines in this area will be dependent on the evaluation by an industrial hygienist of the hazards posed by trisodium phosphate.

6) In February 1994, FSIS and the Department of Labor's Occupational Safety and Health Administration (OSHA) signed a revised memorandum of understanding. Under this agreement, FSIS inspection personnel will receive training designed to improve their ability to recognize serious hazards in the workplace. FSIS inspectors will also receive instruction on the proper procedures for reporting hazards found in meat and poultry plants. In an effort to improve efficiency and reduce inconsistencies, FSIS and OSHA will collaborate on the development of standards and enforcement of regulations to carry out this program. Training for this initiative will be completed in fiscal year 1995 with implementation following.

- g. Pre-Operational Sanitation. The pre-operational sanitation effort is divided into two components: 1) training all red meat slaughter inspection staff in pre-operational inspection (Note: Poultry inspectors are already conducting pre-operational sanitation inspection); and 2) training all slaughter inspectors in microbiological testing procedures.

In fiscal year 1994, FSIS began staged implementation of a stronger pre-operational sanitation inspection program in meat slaughter plants. Instructions to FSIS field personnel were issued in August 1994, that should provide greater uniformity in conducting pre-operational sanitation inspection by identifying areas and units for random and biased sample monitoring. This formalized plan of pre-operational sanitation inspection had previously been successfully implemented in poultry plants and will now be utilized in meat and poultry plants.

- h. Egg Products Inspection. In fiscal year 1994, continuous in-plant inspection was provided to 81 egg products processing plants. The import inspection program approved approximately 2.6 million pounds of egg products for importation from Canada.

During fiscal year 1994, no violative levels were identified in the 317 samples analyzed for a variety of chlorinated hydrocarbons. In addition, 424 samples were analyzed for *Listeria monocytogenes* (Lm) under the mandatory egg products program, and no positive results were found for Lm in the samples tested. These analyses were used to confirm that pasteurized egg products bearing an extended shelf life claim did not contain Lm.

FDA has issued a model code interpretation for handling eggs in retail establishments. The refrigeration requirement which was amended by the Egg Products Inspection Act (EPIA) in 1991 applies during storage and transportation. However, implementation of the regulation has been delayed because the specific 45 degrees Fahrenheit refrigeration requirement is not routinely attainable in transportation vehicles. The industry is seeking a change in the wording of the amended statute.

In fiscal year 1994, the Recognized Laboratory Program certified 53 laboratories for *Salmonella* testing in egg products. The program

recognizes laboratories which pass an on-site audit of their Salmonella testing methodology, quality control, and record keeping systems. In addition, each laboratory has to demonstrate testing proficiency by correctly analyzing a set of initial qualification samples. Follow-up check and split sample programs are utilized to determine each laboratory's continued proficiency.

- i. Line Speeds for Heavy Broilers. FSIS issued instructions to field personnel in fiscal year 1994, providing guidelines to determine maximum line speeds for broilers weighing over 6 pounds when a two handed inspection procedure must be employed. With these instructions, FSIS management signed a Memorandum of Understanding with the National Joint Council to review and discuss the guidelines one year after implementation.
- j. Alternative Ante-mortem Inspection Procedures. FSIS began review of alternative ante-mortem inspection procedures noted in the Meat and Poultry Inspection Manual, Part 9.6. FSIS intends to provide guidance to field personnel to clarify certain requirements for approving such procedures.

6. Regulatory and Enforcement Actions:

- a. Regulatory Actions. On January 6, 1993, FSIS published regulations that amended the meat and poultry inspection regulations to permit voluntary nutrition labeling on single ingredient, raw meat and poultry products and to establish mandatory nutrition labeling for most other meat and poultry products. During fiscal year 1994, the Agency published final technical amendments to improve the clarity and accuracy of the nutrition labeling regulations. Final rules also were published that permit additional flexibility in the placement of nutrition information and other mandatory information on meat and poultry product labels, and that regulate use of the term "Healthy" and similar terms on meat and poultry product labeling.

FSIS also published final rules that permit: (1) an increased amount of sodium citrate as an anticoagulant in fresh blood of livestock; (2) the use of tricalcium phosphate in mechanically deboned chicken to prevent discoloration during dehydration; (3) the use of sorbitol in cured pork products to flavor and to reduce caramelization and charring of such products when used as ingredients in other products that are subjected to severe heating; and (4) the application of ascorbic acid, erythorbic acid, citric acid, sodium ascorbate and sodium citrate on the surface of fresh beef, lamb, and pork cuts to delay discoloration.

FSIS published a final rule to mandate the inclusion of safe handling instructions on labels of raw and partially cooked meat and poultry products. All official establishments and retailers were required to add safe handling instructions on ground or comminuted meat and poultry product labels by May 28, 1994, and by July 6, 1994 for all other raw and partially cooked meat and poultry products. The safe handling instructions warn consumers that some food products may contain bacteria which could cause illness if the product is mishandled or cooked improperly.

- b. Detentions. A total of 672 detentions of adulterated meat and poultry products, with a corresponding weight of 21,563,822 pounds, occurred during fiscal year 1994. Some of the more significant product detentions include the following:

10,074,103 pounds of meat and poultry products were found to be adulterated due to ammonia gas leaks. The products were returned to four federally inspected establishments for reinspection.

- 755,706 pounds of meat product was adulterated with various extraneous material. The product was returned to an inspected establishment for reinspection.
 - 2,100,000 pounds of meat product was found void of all required label features. The product was returned to two inspected establishments for reinspection.
 - 4,000,000 pounds of meat and poultry products were found to be rodent adulterated. 20,292 pounds were voluntarily destroyed, and the remaining product, which was determined to be wholesome, was released for sale.
- c. Enforcement Actions. In October 1993, a USDA Administrative Law Judge issued a consent decision and order against the owners of a federally inspected establishment. The owners agreed to sell or stop operations of their meat processing business by January 1, 1994, to prevent an indefinite withdrawal of inspection service. The order also precluded the firm from processing any custom exempt products, but permitted continued operation as a retail store. The owners of the firm were convicted on charges of selling adulterated and misbranded meat and selling wildlife in violation of the Lacey Act. The criminal case against the individuals resulted from a joint, cooperative investigation by FSIS compliance officials, USDA Office of Inspector General agents, and Idaho State Fish and Wildlife officials.

In November 1993, a U.S. District Court in Massachusetts fined a food distribution firm \$10,000 for selling rancid and sour beef patties to a Federal corrections facility. The court also imposed fines of \$2,000 on two officers of the corporation. The officers pled guilty to charges of selling returned beef patties at a reduced price.

In November 1993, a USDA judicial officer upheld a departmental consent decision which was previously issued to withdraw inspection services from a Michigan meat processing firm. The order required the co-owner of the company to divest himself from all operational and financial involvement with the firm. In 1994, the firm ceased federally inspected operations in lieu of the divestiture of its co-owner.

In December 1993, a U.S. Court for the Eastern District of Michigan fined a Federal establishment and its president and vice president \$15,000 for selling and/or transporting diced beef contaminated by rodents. FSIS compliance officials had discovered the adulterated product at a boys training school. The president pled guilty to one misdemeanor count for himself and felony and misdemeanor counts for the corporation. The court also placed the corporate president on probation for one year and the vice president on a pre-trial diversion agreement for 18 months.

In January 1994, a California supermarket chain agreed to pay \$5 million to settle a civil suit filed by the California Department of Justice. The civil action involved the supermarket's sale of 100 percent ground sirloin chuck and round which were found to be mixed with less expensive meat cuts or poultry, pork, and/or lamb. The case against the supermarket chain resulted from a joint investigation by FSIS Compliance Program and California Justice Department officials.

In January 1994, a U.S. District Court in New Jersey fined a Federal establishment \$225,000 for selling misbranded beef products found to contain added substances. The New Jersey firm had earlier agreed to

immediately pay the fine and enter into a consent order with USDA. Under the terms of the order, USDA agreed to halt plans to withdraw inspection services as long as the firm complied with provisions which included 24 days of inspection suspension. The order also included terms for the firm to retrain employees on Federal, State, and local meat laws, resubmit all Partial Quality Control programs (PQC) for Agency re-evaluation, and implement a monitoring plan to verify compliance with processing procedures under the oversight of a designated employee who would maintain daily records and stop production if necessary.

In February 1994, the Western U.S. District Court of Washington sentenced a dairy farm, an owner of a mobile slaughter firm, and the owner of a retail/custom meat processing business on violations of the Federal Meat Inspection Act and Title 18 Codes. The court levied fines totaling \$51,550, imposed periods of community service and 2 years probation on each of the individuals. The dairy farm owners pled guilty to two misdemeanor counts of permitting the mobile slaughter firm to remove dead cattle from their farm. Each of the meat business owners pled guilty to misdemeanor counts of either selling and/or offering for sale portions of the uninspected and adulterated meat to the public. The convictions resulted from a joint investigation conducted by officials of the Office of Inspector General (OIG) and the FSIS Compliance Program.

In February 1994, a New York poultry slaughtering firm entered into a stipulation and consent agreement with FSIS that will allow the firm to continue its business as a retail store. The poultry firm agreed to stop slaughtering live poultry for its wholesale accounts. The agreement stipulates that the firm will not prepare or distribute adulterated or misbranded poultry products, will complete facility repairs, and will operate its facility in a sanitary manner. The agreement provides for termination of the firm's retail store exemption in the event of subsequent violations. FSIS Inspection Operations and Compliance Program officials initiated the action after the firm failed to repair the facility and continued to prepare products under insanitary conditions.

In March 1994, USDA agreed to halt plans to withdraw inspection services from a California processing plant, provided the firm complies with the provisions of a 5-year consent decision. The order precludes the use of soy derivatives and limits any processing of meat products to single species formulations. The order also contains strict provisions for adherence to sanitation standards or the firm's co-owner could be divested from the business. The withdrawal action was the result of the co-owner's three misdemeanor convictions. FSIS compliance officials found that the firm was removing beef patty mix labels from cartons of product and replacing them with ground beef labels.

In March 1994, a U.S. Court for the Eastern District of Missouri issued a court decision to monitor the activities of a cold storage company president and ordered the president, former vice president, and company placed on probation. The court's decision precludes the president from holding any position at a food storage or processing facility where he is responsible for quality control. In December of 1993, the president and vice president had been ordered to serve 18 months probation and perform 100 hours of community service. The felony and two misdemeanor count conviction of the firm and two misdemeanor count conviction of each of the individuals were the result of an investigation by FSIS compliance and Food and Drug Administration (FDA) officials which involved meat, poultry, and butter products found to be adulterated by rodents.

In March 1994, a USDA Administrative Law Judge (ALJ) issued a decision that ordered a former meat processing manager to divest himself from a California Federal establishment. The ALJ declared the manager to be unfit to engage in any business that receives Federal inspection and signed a consent decision whereby the establishment will lose inspection for 3 years if it rehires the manager. The ALJ's decision was the result of an administrative hearing after the manager was convicted of two misdemeanors in 1992 for adding lower cost beef glands to product labeled as pork. FSIS compliance officials investigated the violations and later determined that the manager was working in a responsibly connected position with the Federal establishment.

In April 1994, a Washington, D.C., Federal court fined a food distribution firm \$5,000 for handling and storing poultry in a manner which allowed rodents to adulterate the product. The court also fined the firm's owner \$2,500 and placed him on 3 years probation. The misdemeanor convictions on the firm and individual were the result of a joint investigation by FSIS compliance and District of Columbia Health Department officials.

In June 1994, a U.S. District Court in New Jersey fined a food distributor \$15,000 for selling beef products that were contaminated by rodent feces. The firm pled guilty to one misdemeanor in February and agreed to abide by a written pest control plan and permit unannounced inspections by USDA, the U.S. attorney's office, and any State or local law enforcement agency for 2 years.

In August 1994, a consent decree filed with a U.S. District Court in Massachusetts permanently enjoined a catering company from selling, transporting, or receiving any uninspected meat or poultry products. The consent decree provides Agency officials with access to the firm's facilities, and the firm is required to maintain records of all business transactions. The court action resulted from repeat violations of meat and poultry laws which were documented by FSIS compliance officials.

In September 1994, USDA agreed to halt plans to withdraw inspection services from a meat processing firm in Michigan as long as the firm complies with the provisions of a 5-year consent decision. The firm must implement effective rodent control programs at its Federal establishment and two non-federally inspected storage facilities or inspection services will be summarily withdrawn. The order stipulates that the firm designate an employee to check products for condition, review production procedures, and maintain complete and accurate written records. The action to withdraw was taken after the firm was convicted on a felony of selling rodent adulterated product and a misdemeanor of holding similar product for sale.

- d. Unannounced Reviews. In fiscal year 1994, FSIS conducted 793 unannounced reviews at 694 federally inspected meat and poultry plants. From these reviews, FSIS issued Accelerated Deficiency Notices (ADN) to 103 establishments citing serious control problems. Each plant receiving an ADN was directed to develop and follow a corrective action plan to prevent future deficiencies. During follow-up reviews at establishments receiving an ADN, FSIS was able to determine whether the action plans were being followed and whether or not they were effective in preventing the reoccurrence of earlier deficiencies. In fiscal year 1994, eleven establishments received a second ADN during a follow-up review, indicating that in those instances the action plans had not been effective in restoring control. FSIS is conducting special assessments in these plants to determine reasons for continuing deficiencies.

- e. Product Safety. FSIS evaluated 10,050 non-food compounds and food processing additives in fiscal year 1994 to ensure that they met established safety requirements for appropriate use during the processing of food products regulated by FSIS.

FSIS evaluated the formulations of 2,750 ingredient mixtures used to formulate meat and poultry products to assure their acceptability for use in accordance with established ingredient and additive labeling regulations and guidelines.

- 7. Field Automation and Information Management. After completing the Field Microcomputer Demonstration Project, FSIS commenced the Field Automation and Information Management (FAIM) initiative. The initiative is designed to improve the Agency's ability to pass information among and between its field work force through the use of microcomputers in the field. Three pilot projects were initiated to examine the benefits of using microcomputers at the field level and their impact on the flow of information within the Agency.

In fiscal year 1994, FSIS made significant steps toward agency-wide implementation. International Programs (IP) completed its pilot and, supported by a positive Benefit Cost Analysis, FSIS moved into full field implementation for import inspection. The success of the pilot was instrumental in the development of a consolidation and restructuring proposal for import field offices that took advantage of the re-engineering of the inspection assignment process which is saving inspector time and reducing office costs. The other two pilots, one in the Compliance Program and one in Inspection Operations, are continuing successfully and will run through fiscal year 1995.

An Information Flow Requirements Analysis, conducted in fiscal year 1994, identified functional process improvements based on the introduction of automation to the field. The Evaluation Report of three FAIM pilots completed in fiscal year 1994 indicated overwhelming support for FAIM by field users.

8. Labeling Activities:

- a. Labels Processed and Approved. During fiscal year 1994, FSIS processed a total of 209,178 label applications, including 15,791 disapprovals. This represents a 57.6 percent increase over the number (132,676) processed in fiscal year 1993. The increase in volume was attributed to implementation of nutrition labeling regulations. Enforcement of FSIS' nutrition labeling regulations commenced on August 8, 1994, concurrently with FDA's enforcement of its parallel regulations.
- b. Label Tracking and Review System. An automated system, the Label Tracking and Review System (LTRS), was designed to electronically track label applications submitted to FSIS and to provide technical support to label information specialists regarding nutrient content claim analyses. The content claim module of LTRS was implemented in June 1994. The automated system has improved internal controls of submitted labels and increased FSIS' ability to respond to applicant queries regarding the status of label reviews. Also, the system ensures that nutrient content claims analyses are performed accurately and consistently. Future enhancements will include technical support modules to allow verification of serving size information reported on labels.

9. International Issues:

- a. U.S. Imports. During fiscal year 1994, the United States imported over 1.21 million metric tons (2.7 billion pounds) of red meat and poultry from 35 countries.
- b. Country Eligibility of Red Meat and Poultry Products. During fiscal year 1993, the most recent year for which statistics are available, the United States exported over 1.6 million metric tons (3.5 billion pounds) of red meat and poultry to over 100 countries.

The United States and Russian officials negotiated a bilateral agreement during 1993 which would facilitate entry of beef, pork, and poultry products into Russia, upon U.S. certification that the product is free of numerous diseases of public health and animal health concern to the Russians. As a result of the bilateral agreement, over 20,000 metric tons of red meat products valued at over \$30 million, and 110,000 metric tons of poultry products valued at over \$80 million were exported to Russia. It is projected that trade with Russia will more than double in quantity over the next two years.

Under the Export Enhancement Program for pork to Russia, approved sales of over 20,000 metric tons of fresh pork have been announced by the Foreign Agricultural Service. These sales represent a dollar value of over \$60 million. The current program expires in June 1995.

- c. Country Eligibility of Red Meat and Poultry Products. FSIS conducted on-site reviews of inspection programs in all countries eligible to export to the United States. No new applications were received from countries seeking to export red meat and poultry to the United States. A total of 36 countries were residue certified by the end of the fiscal year.
- d. Export Certification Information System. FSIS is currently designing the Export Certification Information System (ECIS), which will automate and centralize the process of issuing health certificates for all meat and poultry products exported to foreign countries. As with imports, the Customs Service will ultimately be the liaison with foreign countries receiving our products. Once the new procedure is in place, Customs and FSIS will pilot test the electronic transmission of export certificates in the standard SANCERT format to Japan. It is anticipated that, in the future, all transmission of export certificates will be accomplished electronically. The proposed regulation concerning the ECIS was published in the October 19, 1993, Federal Register with a 60-day comment period. FSIS is currently reviewing the comments that were received as a result of the Federal Register announcement.

10. Consumer Services:

Consumer and Food Safety Education. As a result of the tragic outbreaks of E. coli 0157:H7 bacteria, FSIS focused its major consumer efforts on educating the public about the hazards of E. coli 0157:H7 and other foodborne pathogens and how to prevent illness from such bacteria. In order to prevent further outbreaks associated with E. coli 0157:H7, FSIS initiated a nationwide outreach program directed at school children--the most likely victims of such an outbreak--and their parents. Working through Secretary Espy and the national School Nurses Association, FSIS issued a carry-home postcard with tips on cooking and storing hamburger safely. Requests for more than 500,000 cards were received the first week of the campaign.

In addition, FSIS and FDA prepared and distributed information concerning proper food safety techniques to 9,000 fast food restaurants and food service industry groups. FSIS and FDA also advised members of the National Council of Chain Restaurants of government food safety initiatives at a special briefing.

During fiscal year 1994, the Meat and Poultry Hotline received approximately 127,000 calls from consumers, business people, students, teachers, and the media.

Approximately 1,300 media contacts reached millions of people through information placements in newspapers, magazines, television, radio, and various publications. Audiovisual aids were produced for distribution to the general public and professional audiences and information was disseminated through conventions and trade organizations.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

EXPLANATORY STATEMENT

The Animal and Plant Health Inspection Service (APHIS) was established on April 2, 1972, pursuant to the authority of the Reorganization Plan No. 2 of 1953. The primary mission of APHIS is to protect the Nation's animal and plant resources from diseases and pests in order to preserve the marketability of U.S. agricultural products within this country and for export. The mission is carried out under the major areas of activity, as follows:

1. The appropriation for "Salaries and Expenses" and user fees fund the following major areas of activity:
 - a. Pest and Disease Exclusion Programs -- APHIS carries out inspections at U.S. ports-of-entry to prevent the introduction of foreign plant and animal pests and diseases which are harmful to our country's agriculture. APHIS develops and conducts preclearance programs to ensure that foreign agricultural products destined for the United States do not present a risk to U.S. agriculture. APHIS engages in cooperative programs to control pests of imminent concern to the United States and to strengthen foreign plant protection and quarantine organizations. APHIS also certifies plants and plant products for export and regulates imports and exports of designated endangered plant species. APHIS assists U.S. exporters and the Foreign Agricultural Service in revising foreign plant and animal import regulations to encourage and increase U.S. agricultural exports.

The statutory authority supporting these programs is contained in 7 U.S.C. 148 and 150aa-150jj; 19 U.S.C. 1306; and 21 U.S.C. 102, 111-120, 121-123, 127, and 135-135b. The principal legislative authorities for these activities include the Organic Act of 1944, as amended by P.L. 94-231, enacted March 15, 1976; the Plant Quarantine Act of 1912; and the Mexican Border Act of 1942. The Department's enforcement responsibilities for endangered plants are contained in the Endangered Species Act of 1973. The Airport and Airways Development Act, P.L. 94-353, Section 15(c), was enacted July 12, 1976. Section 2509 of the Food, Agriculture, Conservation, and Trade Act (Farm Bill) of 1990 as amended by Section 1203 of the 1991 Budget Reconciliation Bill authorizes user fees for agricultural quarantine inspection and import-export inspection.

The activities carried out in the pest and disease exclusion programs include the following subaccounts:

- Agricultural Quarantine Inspection (AQI) - The purpose of the AQI program is to protect American agriculture from exotic pests and diseases and to facilitate the entry of U.S. agricultural products into international markets. The program accomplishes this through inspections of cargo and international air and sea passengers at ports-of-entry and preclearance locations overseas. The AQI program also conducts inspections of cargo and people at the Mexican and Canadian borders. APHIS continues to implement innovative inspection techniques such as X-ray machines and detector dog teams to handle the increasing workload. In cooperation with the U.S. Customs Service and the Department of Defense, APHIS conducts military preclearance operations in all the major military commands. This involves inspection of troops and their personal gear and the cleaning of military vehicles and other cargo prior to their return to the United States.

- Foot-and-Mouth Disease (FMD) - The purpose of the FMD program is to control and eradicate the disease from Colombia to prevent it from entering Panama, Central America, Mexico, and the United States. Program methods include quarantine, vaccination, and emergency preparedness. The surveillance and monitoring activities in other countries, that were formerly part of this program, are now conducted through the International Program line item. FMD is one of the most costly multi-host animal diseases. Estimates show that 15-year losses of more than \$20 billion could occur if FMD were to re-enter the United States.
- Fruit Fly Management - The objective of the Fruit Fly Management program is to control and eradicate fruit flies, primarily the Mediterranean Fruit Fly (Medfly) and Mexican Fruit Fly (MFF), in foreign countries where there is a serious threat to U.S. agriculture. Control of fruit flies through the mass release of sterile flies is used jointly with other pest management tools.

The objective of the Medfly program is to prevent sustained Medfly infestations from occurring in the continental United States, Virgin Islands, Puerto Rico, Mexico, and north of the 16° N. latitude in Central America. The Medfly, which is found throughout most of Central America, is one of the world's most destructive pests of fruits and vegetables and is capable of becoming established in fruit and vegetable growing regions in the continental United States. Approximately 80 percent of U.S. citrus production is susceptible to Medfly. The presence of Medfly in Mexico would pose a serious threat to the United States, due to Mexico's location and importance as a major source of winter fruits and vegetables for the United States. Almost 41 billion Medflies were produced in rearing facilities in Mexico and Guatemala for the cooperative Moscamed program. This joint program with Mexico and Guatemala protects the United States by preventing the northward spread of Medfly into Mexico.

The MFF, an insect pest affecting more than 40 species of fruit, periodically occurs in the United States, primarily in the lower Rio Grande Valley in southern Texas. Citrus-growing States are vulnerable to MFF infestations either by migration of these flies across the northwestern border with Mexico, or from infested fruit shipped to or through these States. Consequently, the program maintains suppression activities in the northwestern and northeastern regions of Mexico and a regulatory program in the lower Rio Grande Valley. APHIS conducts cooperative and emergency programs with Mexico. These programs release sterile MFF's produced at the USDA facility in Mission, Texas, to eliminate the pest.

- Import/Export Inspection - This program protects domestic livestock, poultry, and wildlife from restricted diseases, including those transmissible from animals to humans. APHIS regulates the importations of animals and animal products and promotes markets abroad by ensuring that U.S. origin animals and animal products meet health and welfare requirements of recipient countries.

Import Animals - This program ensures that all imported animals, germplasm, birds, and poultry meet U.S. health requirements. Principal methods include inspecting and approving zoos, conveyances, and entry ports; maintaining the Harry S Truman Animal Import Center in Key West, Florida; and intercepting smuggled animals and animal products.

Export Animals - The program goal is to ensure that all certifications of being freed from contagious diseases comply with USDA health agreements with importing countries. This function is vital to the protection and expansion of the \$6 billion U.S. animal and germ plasm export market.

Animal Products, Import and Export - Control of animal products involves prohibiting fresh, chilled, or frozen meats and fresh milk from countries where rinderpest and FMD exist and restricting chilled or frozen pork from countries with hog cholera, African swine fever, and swine vesicular disease. This ban includes commercial shipments of meat, hides, skins, trophies, glands, and animal products used in research and pharmaceutical manufacture. There are restrictions on food in the mail and in travelers' baggage and on garbage and leftover foods on aircraft and ships. APHIS enforces these restrictions at U.S. ports-of-entry and controls importations of disease-causing agents (organisms and vectors) for research or vaccine manufacture, and laboratory animals inoculated with exotic agents.

- International Programs (IP) - The goals of IP are to protect United States agriculture and to foster the export of U.S. agricultural products by actively addressing pest and disease problems at their origin. Through IP, APHIS maintains a presence in countries that are significant agricultural trading partners and may also be potential sources of economically dangerous agricultural pests and diseases. APHIS personnel at overseas locations, either on permanent assignment or short-term detail, provide an effective first line of defense against the entry of foreign plant and animal diseases and pests into our country. They augment the exchange of technology through a timely link to sanitary and phytosanitary surveillance and up-to-date diagnostic and disease/pest control strategies practiced by trading partners. Another significant activity is the promotion of scientific and technological exchange in animal and plant health by identifying and eliminating non-tariff trade barriers to agricultural products.

This modified line item now includes the survey, detection, and prevention activities from the foot-and-mouth disease, and fruit fly programs, and international programs for miscellaneous pests and diseases. APHIS maintains cooperative foot-and-mouth disease (FMD) prevention agreements using surveillance, disease investigation, and emergency preparedness with Mexico, Panama, and all of the Central American countries. In addition, the Mexico program conducts prevention activities for all foreign animal diseases (FAD) including African horse sickness, African swine fever, and avian influenza. The Mexico and Panama programs are maintaining high containment diagnostic laboratories for these diseases. Other field investigations, sample collections, and laboratory diagnoses are performed for the Mediterranean and Mexican fruit fly programs.

APHIS consults and conducts activities with foreign countries and other international stakeholders on pests and diseases for which services are provided but are not covered by any individual budget line item. APHIS facilitates surveys for several agricultural pests by offering technical advice and risk analysis to countries throughout the Caribbean, Central America, and Mexico.

- Screwworm - Screwworm eradication began as an experimental project in Florida during the 1950's. The program was so successful that by

1966 the United States was declared screwworm-free. Continued reintroduction from Mexico led to a 1972 cooperative agreement to eradicate the pest from Mexico and establish a permanent barrier zone at the Isthmus of Tehuantepec. The program reached that barrier in 1984. However, large cattle movements from infested areas further south posed a high risk of reinfestation. A Memorandum of Understanding, signed in January 1987, allowed the Screwworm Commission to begin moving the barrier farther south.

The program goal is to prevent the reintroduction of the parasitic screwworm into the United States by eradicating this insect in Mexico and Central America and establishing a permanent sustainable sterile fly barrier zone in Panama. In 1985, APHIS conducted a feasibility study of screwworm eradication in Central America. This study identified the Isthmus of Panamá and the Guatemala/Honduras border as cost-beneficial locations for a permanent, sustainable sterile fly barrier with the Panamá barrier being less costly and easier to maintain.

Despite delays incurred as a result of a screwworm outbreak in Mexico in 1992-1993, the program continues to make progress in Central America. Currently, the program is carrying out eradication activities in Honduras and Nicaragua. Belize, Guatemala, and El Salvador are now considered screwworm-free. In October 1993, USDA entered into a cooperative agreement with Costa Rica to eradicate screwworm. USDA signed another with Panamá in February 1994.

- b. Plant and Animal Health Monitoring Programs -- The plant and animal health monitoring programs are largely cooperative efforts involving the Federal and State governments, and industry. APHIS conducts programs to prevent communicable plant and animal diseases of foreign origin from entering the United States. Upon entrance into this country, the pests and diseases are rapidly diagnosed. The Agency carries out surveys in cooperation with the States to detect harmful plant and animal pests and diseases. The programs also help determine if there is a need to establish new pest or disease eradication programs.

The statutory authority for this work is contained in 7 U.S.C. 15, 17, 30, 54, 391, 429, and 3801; 15 U.S.C. 44; 19 U.S.C. 4; 21 U.S.C. 4, 5, and 45; 46 U.S.C. 15; and 49 U.S.C. 20. Principal legislative authority for these activities is contained in the Act of May 29, 1884; Act of August 30, 1890; Act of February 2, 1903; Act of March 3, 1905; Act of June 17, 1930; Act of September 21, 1944; Act of February 28, 1947; Act of September 6, 1961; Act of July 2, 1962; and Public Law 97-46 of September 25, 1981; Act of October 14, 1982; Act of January 13, 1983; P.L. 99-198 of December 23, 1985.

The activities carried out in the plant and animal health monitoring programs include the following subaccounts:

- Animal Health Monitoring and Surveillance (AHM&S) - This program, a cooperative effort of Federal and State governments, industry, and academia, maintains the capability for consistent disease surveillance and detection, emergency disease preparedness and response, animal health monitoring, and epidemiological delivery. APHIS protects and monitors the health of the Nation's livestock and poultry and maintains the capability to respond promptly and effectively to new and emerging issues. It enables APHIS to rapidly

eliminate outbreaks of foreign animal diseases (FAD), to assess the risk of new and emerging domestic animal health issues, and to support APHIS control and eradication programs.

APHIS also conducts disease surveillance and detection for brucellosis, pseudorabies, tuberculosis, and selected domestic swine and poultry diseases. One surveillance tool APHIS uses to identify trends in swine and cattle disease agents is the Veterinary Diagnostic Laboratory Reporting System (VDLRS). This system develops diagnostic reports from State veterinary laboratories in all U.S. regions. Also, the Agency interprets national disease data and communicates diagnostic disease patterns quarterly to disease specialists, veterinarians, and laboratories. The four Regional Emergency Animal Disease Eradication Organizations respond to FAD outbreaks in livestock and poultry populations. Disease is detected and monitored by investigating reports of suspicious cases, including vesicular conditions, poultry diseases, and encephalitic conditions. The Agency conducts inspections at slaughter establishments, livestock markets and other concentration points. In addition, APHIS conducts epidemiological investigations to determine the extent of diseases including collection and testing of blood samples, traceback, and adjacent herd testing.

APHIS monitors and conducts surveys on U.S. farms to determine how operational practices of producers affect animal health and productivity. Data are disseminated regarding the incidence, trends, and economic impact of diseases of food animals. APHIS uses this information to improve the health of livestock and poultry through various approaches including improved management practices, specific treatments, and prevention strategies. The Agency defines and predicts the health and economic consequences of animal disease events and suggests appropriate responses. APHIS collects and analyzes epidemiological data and serves as an information distribution center for State livestock agencies, industry, and the general public.

APHIS protects the U.S. poultry industry, estimated at a worth of \$17.5 billion, by conducting national surveillance to prevent the entry and spread of velogenic viscerotropic Newcastle disease, avian influenza, and exotic Salmonella enteritidis (Phage Type 4), and provides technical advice to the industry on diseases of economic importance. The Agency provides a voluntary cooperative State-Federal-industry program to improve poultry and poultry products and control egg-transmitted and hatchery-disseminated diseases using research and technology. APHIS coordinates and supports the National Poultry Improvement Plan (NPIP) through laboratory support, regional and national conferences, publication of provisions, lists of participants, and statistical reports.

APHIS cooperates with the States to protect the Nation's \$10 billion swine industry from the introduction and spread of harmful foreign diseases. These diseases could be devastating to swine fed untreated garbage containing meat scraps which harbor their causative agents. The Agency conducts inspections of garbage feeding facilities, searches for illegal garbage feeders, and surveillance for African swine fever and hog cholera by testing swine slaughter serum samples from high-risk areas. These activities break the disease chain by preventing uncooked meat scraps from re-entering the food chain. The primary activity in States where garbage feeding is allowed is the enforcement of

regulations requiring the heat treatment of garbage to kill harmful organisms before the garbage is fed to swine. APHIS assumes Primary Enforcement Responsibility when a State cannot adequately enforce the Swine Health Protection Act or upon emergency declaration by the Secretary. The Agency can increase the frequency of inspections to at least quarterly and more often in cases where facilities are found to have chronic deficiencies.

APHIS also protects the livestock from freed States from becoming reinfected with brucellosis. The Agency provides industry with technical support to control and eradicate domestic endemic diseases of economic importance and to promote the export of animals and germplasm. The Agency also conducts pseudorabies testing and surveillance to measure each State's progress through all five eradication stages. APHIS also responds to numerous reports of new plant pest species in the United States each year by conducting delimiting surveys, control or eradication treatments, and by restricting the movement of commodities which could spread the pest. The Agency also conducts surveillance and monitoring activities to support the control or eradication of several livestock diseases and parasites. Primary attention in recent years has been devoted to bovine spongiform encephalopathy, bluetongue, and several equine diseases.

- Animal and plant health regulatory enforcement - The goal of this program is to provide regulatory support to APHIS programs, and to provide technical advice and assistance to program officials in the interpretation and application of the Federal laws and regulations coming under the jurisdiction of the Agency. Regulatory enforcement field personnel perform a number of enforcement activities including conducting field investigations, tracking unresolved cases, and coordinating investigative efforts within the Agency. When a violation is detected, APHIS policy is to first attempt to gain voluntary compliance through discussions with responsible officials, and take appropriate enforcement action only when this approach fails, i.e., violations are recurrent or flagrant. This could include a warning or stipulation issued by the Agency. However, when an investigation reveals apparent violations, a case report and documentation are forwarded to the headquarters staff who determine the appropriate enforcement action consistent with other similar violations. Those cases warranting prosecution are forwarded to the Department's Office of the General Counsel (OGC) for administrative or criminal action. At that point, OGC reviews the case for legal sufficiency, prepares any necessary legal documents, and represents APHIS in prosecuting the case.

- Plant Pest Survey - This program monitors the effectiveness of APHIS plant pests management programs and provides early detection of exotic plant pests to prevent sustained infestation. Through this line item, the Agency conducts surveys to effectively detect new infestations of exotic pests, fully supports post-eradication activities, and facilitates the entry to U.S. agricultural products into international markets. Specific activities include:

Fruit Fly Detection - providing for early detection of exotic fruit fly introductions and preventing sustained infestations from occurring in the continental United States, Virgin Islands, and Puerto Rico. The program provides equipment and personnel to install and service traps for the detection of various exotic fruit

flies. This can substantially reduce emergency funding to eradicate larger infestations and help maintain export markets.

Pest Detection - discovering foreign plant pests before they become established, thereby reducing pest control costs and minimizing agricultural damage. APHIS and States maintain the National Agricultural Pest Information System database to facilitate timely retrieval of plant pest survey results and determine the need and effectiveness of pest eradication programs.

Grasshopper - maintaining or suppressing Grasshopper and Mormon cricket populations below economic threshold levels. The program conducts annual surveys to determine the extent of the pest. This provides the basis for control treatments of economically significant populations.

Gypsy Moth - preventing the establishment of isolated GM populations outside the generally infested area by preventing the artificial, long distance movement of GM life stages to uninfested areas. APHIS conducts surveys to support the regulatory program, provide a basis for eradication treatments, and detect and delimit isolated populations outside of the generally infested area. The Agency conducts trapping and survey activities in the uninfested portions of the United States to detect isolated populations.

Imported Fire Ant - preventing IFA movement outside the quarantine area. APHIS conducts survey and regulatory activities. Also, the Agency conducts large scale field trials, evaluates promising control agents, and regulates certain articles like nursery stock to prevent spread.

Miscellaneous Plant Pests - conducting delimiting surveys, epidemiological studies, laboratory diagnostics, and parasite releases to combat miscellaneous plant pests. Also, APHIS conducts activities to restrict the movement of commodities that could spread a particular pest.

Noxious Weeds - preventing the entry of Federally listed noxious weeds from foreign countries and detecting weed infestations already in the United States. Program methods include port-of-entry inspections and surveys to determine the scope of infestations. APHIS plans to develop a Federal Weeds Policy to broaden the scope of APHIS weed programs.

Pink Bollworm (PBW) - preventing the PBW from infesting areas outside the regulated States or within the San Joaquin Valley, California, and reducing pest populations by developing, demonstrating, and transferring technologies for area-wide bollworm management.

Witchweed - eradicating all witchweed-infested acres by FY 1998. At this point, APHIS will support State-sponsored surveys.

- c. Pest and Disease Management Programs -- In cooperation with the States, APHIS conducts programs to detect, prevent, and eradicate pests and diseases which are harmful to agriculture. The Agency monitors and regulates interstate shipments of plants, livestock, and related materials to prevent the spread of disease and the distribution of impure, unsafe, and nonefficacious materials and products. Through the Animal Damage Control program, APHIS protects agriculture from

detrimental animal predators through identification, demonstration, and application of the most appropriate methods of control.

The statutory authority for this work is contained in 7 U.S.C. 2.17, 2.51, 7-7b, 8, 11, 15, 17, 30, 54, 55, 371.2, 429, and 3801-3813; 15 U.S.C. 44; 19 U.S.C. 4; 21 U.S.C. 4, 5, and 45, 111, 114, 117, 120, 122-126, 130, 134; 46 U.S.C. 15; and 49 U.S.C. 20. Principal legislative authority for these activities is contained in the Animal Industry Act of May 29, 1884; Act of August 30, 1890; Act of February 2, 1903; Act of 1903, Act of March 3, 1905; Tariff Act of June 17, 1930; the Animal Damage Control Act of 1931; Act of September 21, 1944; Organic Act of 1944, as amended by P.L. 94-231, enacted March 15, 1976; Act of February 28, 1947; Act of September 6, 1961; Act of July 2, 1962; P.L. 92-629 of January 3, 1975; the Swine Health Protection Act of October 17, 1980; Public Law 97-46 of September 25, 1981; Act of October 14, 1982; Act of January 13, 1983; P.L. 99-198 of December 23, 1985; and the Food, Agriculture, Conservation, and Trade Act (Farm Bill) of 1990.

The activities carried out in the pest and disease management programs include the following subaccounts:

- Animal Damage Control (ADC) - The ADC program was established in 1885 as the Bureau of Biological Survey under the U.S. Department of Agriculture (USDA). In 1939, the program was transferred to the U.S. Department of the Interior, Fish and Wildlife Service. Pursuant to P.L. 99-190; H.J. Res. 465, 99 Cong. 1st Sess. FY 1985, ADC was transferred back to USDA and is now administered by APHIS. The goal of the ADC program is to help solve problems that are created when species of wildlife cause damage to agricultural, industrial, or natural resources; or present a threat to public health and safety. Under the authority of the Animal Damage Control Act, the program conducts research and carries out cooperative activities with other Federal, State or local agencies, organizations, or private individuals. The program helps protect agricultural and natural resources, property, or endangered species and prevents wildlife hazards at airports or other locations where there is a need to safeguard public health.
- Aquaculture - The program's goal is to assist the aquaculture industry in controlling aquatic diseases and pests, and to facilitate the movement of aquatic animals and products in interstate and international commerce. Aquaculture is currently the most rapidly growing segment of agriculture. Depredation from large fish-eating bird populations cause damage to the aquaculture industry's attempt to create a viable and economically sound industry. Program objectives include providing technical and operational assistance to producers, developing a cooperatively funded program for operational assistance to producers, working with the U.S. Fish and Wildlife Service and State wildlife agencies to coordinate depredation permits and develop bird damage management plans, establishing liaison with wild fishery interests, evaluating current control efforts with a view toward development of improved control methods in the future, issuing export health certificates for live fish and fish eggs, providing laboratory assistance to the aquaculture industry and implementing a program of disease prevention, health certification, sanitation, and strain registration for the aquaculture industry.

- Biological Control - This program's goal is to implement biological control programs to control agricultural pests of economic importance and to implement a biological control based integrated pest management strategy to manage the Sweetpotato Whitefly (SPW). Specific activities conducted are as follows:

Biological Control - includes survey, release, and establishment evaluation activities. Program methods include foreign and local field collections, release and redistribution of biological control agents, and evaluation. To control pests of economic importance, the program carries out the importation, quarantine screening, rearing, release, and evaluation of beneficial organisms. Also, the Agency works with international organizations and other Federal agencies, the States, and universities to conduct several biological control projects including leafy spurge, diffuse and spotted knapweed, Colorado potato beetle, Russian wheat aphid, and Euonymus scale. APHIS is currently developing new biological control initiatives for the common crupina (rangeland weed), Japanese beetle, gypsy moth, boll weevil, purple loosestrife and the pine shoot beetle.

Sweetpotato Whitefly - includes survey, release, and establishment evaluation activities regarding SPW. APHIS is developing ways to combat this pest through control methods by using natural enemies. This line item is specifically involved with:

Conducting whitefly and natural enemy surveys in cultivated fields, plantings of ornamentals, and greenhouses:

- Propagating natural enemies in field insectaries at strategic sites across the SPW's distribution area;
- Releasing natural enemies into cultivated fields, plantings of ornamentals, and greenhouses; and
- Evaluating the establishment of introduced natural enemies through area-wide surveys and gathering data on changing parasitization rates.

- Boll weevil - The boll weevil program consists of two regional eradication programs and one eradication and suppression program. These are cooperative efforts, where APHIS pays up to 30 percent of program costs, and cooperators pay not less than 70 percent.

- Central Eradication and Suppression - The suppression portion of this program was established in 1963 to contain the spread of the boll weevil and prevent it from infesting over 4 million acres of cotton in west Texas and New Mexico. In FY 1994, eradication activities began in some infested areas of Texas. Program plans call for expansion into remaining infested areas of Texas and Oklahoma, adjoining areas of northern Mexico, and other infested States in the central region.
- Southeast Eradication - The program has eradicated the boll weevil from Virginia, North Carolina, South Carolina, most of Georgia and Florida, and portions of southern Alabama. Post-eradication activities continue in these areas to prevent reinfestation. In response to successful grower referenda, APHIS plans to expand the eradication program into the remaining areas of Alabama, eastern Mississippi, and southern Tennessee.

- Southwest Eradication - The program has eradicated the boll weevil from Arizona, southern California, and northwestern Mexico. Three areas in northern Mexico--Mexicali, Sonoma, and Caborca--are currently receiving final treatments. Eradication in northern Mexico should be confirmed within the next 2 years, reducing the risk of reinfestation in Arizona.
- Brucellosis - The objective of the State-Federal Cooperative Brucellosis Program is to eradicate Brucella abortus from the bovine population and Brucella suis from the swine population of the United States. For the last 5 years, the bovine program has operated under the industry supported Rapid Completion Plan (RCP). This plan would eliminate brucellosis from the United States by the end of FY 1998. The RCP places particular emphasis on the depopulation or whole herd vaccination of affected herds and on close adherence to all provisions of the Brucellosis Uniform Methods and Rules. Major program tools include calfhood vaccination, data management, and the elimination of infection from herds by depopulation.
- Cattle Ticks - The cattle tick program is a cooperative Federal-State-industry effort to prevent the re-establishment of the cattle fever tick, Boophilus annulatus and B. microplus in the United States; to maintain a permanent buffer zone along the Texas-Mexico border; and to eradicate the tropical bont tick, Amblyomma variegatum and the cattle fever tick, B. microplus, from Puerto Rico and the U.S. Virgin Islands. In the continental United States, the program is concentrated along the Texas-Mexico border, where the Rio Grande river serves as a natural barrier. Animal health inspectors conduct systematic patrols and inspections on horseback in the permanent quarantine zone along the border. In addition, all livestock crossing the border and entering or leaving the quarantine zone are examined and treated for ticks to eliminate the risk of cattle ticks becoming established in the United States. The Puerto Rico program involves the systematic treatment of all tick-infested premises with an acaricide. After the treatment regimen is completed, livestock on the premises are inspected for ticks to ensure that they remain tick-free.
- Plant Pest Management - In cooperation with the States, other government agencies, and grower organizations, APHIS conducts programs to control, contain, or eradicate several plant pests. The activities conducted are as follows:
 - Golden nematode - Regulates golden nematode infested crops in the State of New York and prevents the spread of the nematode to other potato producing States. To accomplish its goal, APHIS cooperates with the New York State Department of Agriculture, the Agricultural Research Service, the Extension Service, Cornell University, and the New York Seed Improvement Cooperative. The program enforces regulations and sanitary requirements, supports research to develop new resistant potato varieties, and encourages grower acceptance of existing resistant varieties.
 - Gypsy moth (GM) - Includes regulatory activities and eradication of isolated GM outbreaks. The regulatory activities conducted within the generally infested area include the inspection, treatment, and certification of regulated articles for movement to non-infested areas. In this manner, APHIS regulates the movement of logs, mobile homes, nursery stock, and outdoor

household articles from infested areas and eradicates small, isolated infestations. These activities are designed to prevent the establishment of isolated populations outside of the generally infested area by preventing the artificial, long distance movement of GM life stages to uninfested areas.

- Mediterranean Fruit Fly (Medfly) - Prevents sustained Medfly infestations from occurring in the continental United States, Virgin Islands, and Puerto Rico. The Medfly, one of the world's most destructive pests of fruits and vegetables, is capable of becoming established in fruit and vegetable growing regions in the continental United States. Approximately 80 percent of U.S. citrus production is susceptible to Medfly. APHIS is currently eradicating a localized outbreak that was detected in California in FY 1992. The sterile fruit fly rearing facility in Waimanalo, Hawaii, is capable of supplying 400 million sterile flies per week for emergency eradication programs. All flies produced at the facility will be used in the California emergency eradication efforts in FY 1995. In FY 1994, almost 18 billion sterile flies were used in California.
- Mexican Fruit Fly (MFF) - MFF is an insect pest of more than 40 species of fruit. Outbreaks of this pest periodically occur in the United States, primarily in the lower Rio Grande Valley in southern Texas. Other citrus growing States such as Arizona, California, and Florida are vulnerable to MFF infestations either by migration of these flies across the northwestern border with Mexico, or from infested fruit shipped to or through these States. Consequently, the program maintains a regulatory program in the lower Rio Grande Valley. Regulatory and suppression activities in the lower Rio Grande Valley in southern Texas provide protection for the U.S. citrus industry. APHIS occasionally conducts eradication programs in other states when MFF is detected. APHIS, in its cooperative and emergency programs with the State of Texas, and other states releases sterile MFF's produced at the USDA facility in Mission, Texas, to eliminate or suppress the pest.
- Noxious weeds - Regulates and controls selected weed species such as Orobanche ramosa in Texas and goatsrue in Utah.
- Pink bollworm - Prevents pink bollworm from spreading to non-infested areas. Program activities include quarantine enforcement, trapping, methods development, and operation of a sterile-moth rearing facility. The pest is fairly widespread in the Cotton Belt from southern California through Texas. Pink bollworm moths are raised and sterilized at the rearing facility, after which they are released in the San Joaquin Valley to mate with native moths which prevents the infestation of over 1 million acres of cotton across the valley. Alternate methods for control of pink bollworm are being developed.
- Pseudorabies - APHIS participates in a cooperative Federal-State-Industry program to eradicate pseudorabies. This herpes virus causes severe economic losses in swine due to reproductive problems including abortion, stillbirth, death in newborn pigs, pneumonia in pigs raised for market, and fatality in all other domestic

livestock. The program began in January 1989 and is expected to require an estimated 10 years to complete. APHIS provides national program coordination, technical advice, data management, and public information.

The pseudorabies eradication program has been an ideal model of producer and government teamwork. Program guidelines, also known as the Pseudorabies Program Standards, were a collaborative effort involving APHIS, State, and industry leaders. To participate, a State must first form a State pseudorabies committee, consisting of swine producers, animal scientists, veterinarians, State and Federal regulatory officials, and other swine industry representatives. Participation also requires incorporating the national program standards into the State's regulations. The educational efforts employed to eradicate pseudorabies have improved the overall herd health management of swine farms. Pseudorabies-free high-health status swine are more profitable for swine producers. Animals or pork products from such farms are more acceptable to meat processors and growing international markets.

All 50 States, Puerto Rico, and the Virgin Islands currently participate in, and receive Federal funds for this program. Progress is measured by advancement through five stages. Entry into Stage V requires having no infected herds, and having tested at least 10 percent of the State's breeding swine population for each of the previous 2 years. Once Stage V is achieved, the surveillance can be reduced to 5 percent of the State's breeding swine, thereby reducing program costs.

- Scrapie - The goal of the scrapie program is to reduce the incidence and control the spread of scrapie, a transmissible disease of sheep and goats that causes a slowly progressive degeneration of the central nervous system. The disease is always fatal, and no diagnostic test is available to identify affected animals before death. To help reach the program goal, APHIS established a voluntary scrapie flock certification program in FY 1993, which calls for the gradual development of flocks that are certified to be free of scrapie. Participating flocks progress through four classes over time, with each class representing a lower risk that the flock is infected with scrapie. A flock must spend a minimum amount of time in each class, and there are specific requirements for flock record-keeping, new animal purchases, animal identification, actions upon animal deaths, and submission of diagnostic samples. The program was developed through the process of negotiated rulemaking-- a cooperative effort involving producers, accredited veterinarians, allied industry representatives, State animal health officials, and USDA. The Agency continues to support cooperative research to develop a live animal diagnostic test and to determine if embryo transfer is effective in preventing scrapie transmission.
- Tropical Bont Tick (TBT) - The TBT program is a cooperative effort between APHIS and other international organizations including the Food and Agriculture Organization of the United Nations (FAO), the Inter-American Institute for Cooperation in Agriculture (IICA), European Community, Caribbean governments, and other participants. The objective of the program is to eradicate the TBT from the Caribbean, where it is currently established on 14 islands and reported from 19, before it can spread to mainland areas including Venezuela, Florida, and the Yucatan Peninsula. As the program

progresses, APHIS will collaborate with FAO, IICA, and the Economic Community of Caribbean countries, as part of regional efforts aimed at controlling the spread of the tick and eradicating it from selected islands.

The TBT is a vector of a causative agent of heartwater disease in ruminants and is also associated with increased incidence of bacterial skin infections which can lead to other infections and diseases. The spread of TBT throughout its potential range in the Western Hemisphere would most severely affect dairy farms, costing producers up to \$762 million annually. While eradication of the TBT is restricted to the Caribbean, it provides the greatest level of security to the rest of the Americas since the probability of reintroduction from Africa is very low.

- Tuberculosis - The goal of this program is the eradication of bovine tuberculosis (TB) from the United States in 1998. Primary program tools include the traceback and testing of cattle herds from which infected animals were identified at slaughter, testing of suspect cattle to identify positive cases, and full epidemiological investigation to identify sources of infection and possible exposure to other herds. Sources of infection and exposure can be cattle, bison, elk, deer, and other warm-blooded mammals. Restrictions are placed on the interstate movement of cattle that are reactors, exposed, or suspects. Limited indemnities are provided to owners of TB-infected animals destroyed in connection with the program.

- d. Animal Care -- The Agency conducts regulatory activities which ensure the humane care and treatment of animals and horses as required by the Animal Welfare Act (AWA) of 1966 as amended (7 U.S.C. 2133-2147), and the Horse Protection Act of 1970 as amended (15 U.S.C. 1821-1831). These activities include inspection of certain establishments which handle animals intended for research, exhibition, and sale as pets, and monitoring of certain horse shows.

The activities carried out in the animal care programs include the following:

- Animal Welfare - Under the AWA, APHIS is responsible for developing regulations implementing its provisions, and ensuring compliance with these regulations by the regulated entities.

The AWA stipulates that warm-blooded animals utilized for research, exhibition, or raised for the wholesale pet trade, receive humane care, treatment, and handling. The transportation of regulated animals in commerce is also covered by the AWA. To prevent the utilization of stolen pets for research purposes the AWA requires that records of acquisition and disposition be maintained for dogs and cats raised or utilized under the AWA. The activities of the program are accomplished via a licensing and/or registration requirement combined with an inspection process. To ensure compliance, APHIS is required by law to conduct annual inspections of all research facilities and reinspect noncompliant areas until these areas achieve compliance.

APHIS published final regulations on July 22, 1993, which requires regulated facilities comply with holding periods of random-source pets. Legislation was passed by Congress to prohibit the use of

stolen pets in research and to provide owners the opportunity to locate their animals. The final rule became effective August 23, 1993.

As a result of an Office of the Inspector General review, APHIS implemented action for the improved welfare of dogs in the pet industry. This action includes changes in policy, management, and enforcement, more active pursuit of unlicensed dealers and other supportive changes for a better enforcement of the standards for animal welfare. APHIS also recommended legislative changes to strengthen and improve its authority with regard to stolen dogs.

- Horse Protection - The Department is committed to the elimination of the inhumane practice of soring horses. The Horse Protection Act prohibits the showing, selling, transporting, or exhibition of sored horses. Soring is inflicted through the use of action devices, chemicals, or a combination thereof applied to a horse's lower (pastern) limbs in order to accentuate an unnaturally high stepping gait. The Department officially certifies horse industry organizations that meet regulatory criteria in order to carry out the inspection of horses at shows, sales, auctions, and exhibitions. APHIS monitors compliance of the program by making unannounced inspections and evaluating the Designated Qualified Persons that inspect horses on behalf of the certified organizations.

- e. Scientific and Technical Services -- APHIS develops methods to control animals and pests that are detrimental to agriculture, wildlife, and public safety. The Agency's regulatory structure brings the benefits of genetic research to the marketplace, while protecting against the release of potentially harmful organisms into the environment. APHIS also conducts diagnostic laboratory activities that support the Agency's veterinary disease prevention, detection, control, and eradication programs. The Agency also provides and directs technology development in coordination with other groups in APHIS to support plant protection programs of the Agency and its cooperators at the State, national, and international levels.

The statutory authority supporting this work is contained in 7 U.S.C. 7-7b, 8, 11, 15, 17, 30, 54, 55, 429, and 3801; 15 U.S.C. 44; 19 U.S.C. 4; 21 U.S.C. 4, 5, and 45; 46 U.S.C. 15; and 49 U.S.C. 20. The principal legislative authority for these activities is contained in the Act of May 29, 1884; Act of August 30, 1890; Act of February 2, 1903; Act of March 3, 1905; Tariff Act of June 17, 1930; Act of September 21, 1944; the Organic Act of 1944, as amended by P.L. 94-231, enacted March 15, 1976; Act of February 28, 1947; Act of September 6, 1961; Act of July 2, 1962; the Virus-Serum-Toxin Act of March 14, 1913; and the ADC Act of 1931. Authority to collect user fees for veterinary diagnostics is contained in Section 2509 of the Food, Agriculture, Conservation, and Trade Act (Farm Bill) of 1990.

The activities carried out in the scientific and technical services programs include the following subaccounts:

- ADC Methods Development - The ADC program was transferred to APHIS on December 23, 1985, pursuant to P.L. 99-190; H.J. Res. 465, 99 Cong. 1st Sess. 1985. From 1939 until its transfer to APHIS, the program was a part of the U.S. Department of the Interior's Fish and Wildlife Service. The program's basic mission is to protect American agriculture and other resources through identification, demonstration, and application of the best methods of controlling

wild and free ranging animals that are detrimental to agriculture, other wildlife, and public safety. Research and development of control techniques and devices for the operations program and APHIS clientele are provided by the Denver Wildlife Research Center. The center also conducts research to maintain current pesticide registrations with the Environmental Protection Agency for products such as strychnine, Compound 1080, and Starlicide (DRC-1339). Also, new or improved control tools such as soft traps, the livestock protection collar, repellents, and electroshock techniques are researched.

- Biotechnology/Environmental Protection - This program's goal is twofold: (1) to protect American agriculture while allowing for the development of significant biotechnologically derived products for the benefit of the agricultural producers and consumers, and (2) to assure that APHIS is in full compliance with the National Environmental Policy Act and other applicable statutes, executive orders, and regulations in all of its programs.

The biotechnology component of the program regulates the field release, interstate movement, and importation of genetically modified organisms, and licenses recombinant derived veterinary biologics for sale and distribution in the United States. The intent is to certify and ensure that the introduction and field testing of new products do not present potential risks to America's plant and animal resources and/or industries, the general public, or the environment. The program provides the added benefit of fostering technology transfer by allowing for the safe field testing of potentially beneficial plants and micro-organisms and licensure of recombinant-derived veterinary biologics. Also, the program enhances technology transfer by helping to reduce barriers to biotechnology development and trade.

APHIS uses environmental and scientific staff, and the National Monitoring and Residue Analysis Laboratory (NMRAL) at Gulfport, Mississippi, to support a "circle of environmental protection" concept that enables APHIS' operational programs to comply in a proactive fashion with all environmental requirements--the National Environmental Policy Act and other environmental laws, regulations, and Executive Orders. Environmental scientists work with program planners to identify and develop viable alternatives to current control and eradication programs and to document APHIS' environmental planning activities. The laboratory provides analytical chemical services in support of APHIS' cooperative treatment programs employing agrochemicals to control or eradicate plant and animal pests. Principal programs supported include agricultural quarantine inspection, and plant pest management activities--principally grasshopper, imported fire ant, boll weevil, Medfly, and gypsy moth. In addition, the laboratory helps to promote food safety through the testing of various food products for pesticide residues, typically under contract with the requesting agency. The program maintains the registration of chemicals and other substances used in current APHIS programs, while helping to identify emerging, less environmentally invasive alternatives to current practices. The program also develops monitoring plans to assess the impact of Agency actions on the environment, and analyzes samples of soil, water, and crops for pesticide residue to determine the safety of ongoing and alternative programs.

- Integrated Systems Acquisition Project (ISAP) - ISAP is an Agency initiative to establish a mechanism to procure automated data processing (ADP) equipment, software, and services which will enable APHIS' many information management applications to be developed and operate in a consistent, common ADP environment. This procurement is designed to replace the Agency's current mixture of incompatible, ADP systems. The ISAP initiative will improve the delivery and administration of Agency programs by integrating technologies and information across all levels of the Agency.
- Plant Methods and Biocontrol Laboratories (PMBL) - This program develops and advances new and existing operational technologies for APHIS plant pest exclusion, detection, suppression, and control for APHIS and its stakeholders in a cooperative effort with Federal and State agencies. Through this program, APHIS is developing technically sound management systems to support rearing facilities, develop experimental systems, and conduct field trials. These activities allow for impact and economic evaluation of technologies for controlling pests and diseases and for the transfer of this technology to the State and the private sector. Specific activities are as follows:
 - Plant Methods Development Laboratories - provides APHIS plant protection programs with advanced scientific and technological capabilities that optimize pest management practices and result in the development of new operational technologies. This is accomplished by evaluating biological control organisms and materials, adapting or inventing equipment, providing technical consultation and training, collecting and disseminating pertinent information, participating in strategic planning, serving as a liaison between APHIS and the research community, and integrating technological advancements into biological control integrated pest management strategies (IPM).
 - Biocontrol - includes the rearing of natural enemies to support the development of operational technologies as part of biological control IPM strategies. APHIS is working toward implementing biological control programs using parasitoids, predators, and pathogens to control agricultural pests of economic importance. Specifically, the Agency works with international organizations and other Federal agencies, the States, and universities to conduct biological control projects including leafy spurge, diffuse and spotted knapweed, Russian wheat aphid, and Euonymus scale. Also, APHIS is developing biological control initiatives for the common crupina (rangeland weed), Japanese beetle, gypsy moth, boll weevil, purple loosestrife and the pine shoot beetle.
 - Sweetpotato Whitefly - APHIS is working toward implementing a biological control based IPM strategy to manage the sweetpotato whitefly (SPW). The program is specifically involved with the following: identifying genetic SPW strains in the United States and in Asian regions; mapping distributions of the strains and obtaining exotic natural enemy strains which are adapted to the pest strain occurring in the United States; conducting tests to determine favorable conditions for propagation; identifying whitefly transmitted viruses of crop plants and their alternate plant hosts in the Lower Rio Grande Valley; obtaining natural enemies from the pest's native home and from any parts of the United States where potentially effective natural enemies are

found; and propagating natural enemies in growth chambers at APHIS biological control laboratories and potential local field insectaries.

-- Veterinary biologics The goal of this program is to prevent the importation, production, and distribution of impure, ineffective, unsafe, or impotent veterinary biological products in the United States. Program activities include the licensing of veterinary biological products, inspection of licensed manufacturing facilities, testing of statistically based samplings of licensed products, and the issuance of permits for the importation of these products. The program regulates both the interstate and intrastate distribution and sale of veterinary biological products, thereby helping to protect America's multi-billion dollar livestock and pet industries. The program also works to ensure that industry has an efficient regulatory pathway to bring beneficial products to American agriculture. This function fosters the growth of America's veterinary biologics industry, which is making use of the explosive growth of microbiological processes to develop sophisticated new products. Program personnel also work to reduce unfair regulatory barriers to the entry of American veterinary biological products into foreign markets, and works to promote greater use by industry of in vitro testing which in turn reduces the use of laboratory animals for testing.

-- Veterinary diagnostics - APHIS maintains a diagnostic program for foreign and domestic animal diseases that threaten the livestock, poultry, and related industries of the United States. The program consists of diagnostic laboratory activities which include diagnostic assistance to the livestock and poultry industries, as well as to the States. APHIS operates laboratories located at Ames, Iowa, for diagnosing domestic diseases, and Plum Island, New York, for work on diseases exotic to the United States such as foot-and-mouth disease. Services include differential diagnosis, blood and tissue examination, culture analysis, toxicological testing, and reagent and reference antigen production. The program also provides training in domestic and foreign animal disease diagnosis. User fee regulations were implemented in late FY 1993 to cover direct labor and material costs for veterinary diagnostic testing, reagent production, and reference assistance testing performed for private entities.

2. Headquarters of the Service is at the USDA Center at Riverside, Riverdale, Maryland. Field activities are managed on a national basis through 10 regional offices and 440 field offices, including area offices, work stations, technical centers, and animal import centers. As of September 30, 1994, there were 5,118 permanent full-time employees, and 1,814 other-than permanent full-time employees. Of the total, 941 permanent full-time employees work in the Washington, DC, metropolitan area. Much of the Agency's work is conducted in cooperation with State and local agencies, private groups, and foreign governments. APHIS performs work in the 50 States, Guam, Puerto Rico, Virgin Islands, Mexico, Central America, South America, the Caribbean, Western Europe, Australia, Asia, and Africa.

3. OIG Reports:

#50558-256-CH 2/17/94. A-128. State of Ohio.
 #50099-38-AT 3/03/94. Compliance with P.L. 101-121.
 #50558-566-SF 4/07/94. A-128. State of Arizona.

#50568-271-KC 4/19/94, A-128, State of Iowa.
#50099-37-AT 5/11/94, Underground Storage Tanks.
#50600-1-AT(1) 6/09/94, Biological Materials/Waste Management of
USDA Labs.
#50050-4-AT 8/04/94, Federal Civilian Agencies' Aircraft
Management.
#33099-9-HY 8/04/94, Release of Bio-engineered Organisms.

#50600-11-AT 8/08/94, IRS Reporting Requirements.
#33003-1-AT 9/30/94, Controls over Point of Entry Quarantine
Locations.

GAO Reports:

#RCED-94-294-R 8/25/94, EPA Assessment of Granular Carbofuran.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

PERFORMANCE INDICATORS

<u>Program</u>	<u>1994 Actual</u>	<u>1995 Estimated</u>	<u>1996 Estimated</u>
1. Pest and Disease Exclusion:			
Agricultural Quarantine Inspection:			
Passenger inspections (millions)	62	63	65
Pest interceptions (thousands)	53	54	55
Plant and animal product and byproduct inspection:			
Airplanes (thousands)	341	375	400
Vessels (thousands)	47	50	51
Plant units processed (millions)	474	465	465
Regulated and miscellaneous cargo inspections conducted (thousands)	1,054	1,100	1,200
Phytosanitary export certification:			
Certificates issued (thousands)	271	274	277
Interceptions (thousands):			
Unauthorized plant material	1,429	1,600	1,700
Unauthorized animal products/byproducts	302	310	320
Unauthorized material:			
Mail	4,773	5,000	6,000
Baggage	1,150	1,200	1,200
Intercepted endangered plant species:			
Seized and placed into rescue centers	7,972	13,000	13,000
Seized and returned to country of export	270	400	400
Number of shipments of plants seized:			
Rescue centers	581	810	810
Returned to country of export	9	10	10
Foot-and-mouth control and eradication:			
Actual FMD Outbreaks Quarantined:			
Colombia	15	14	12
Animals vaccinated for FMD (thousands):			
Colombia	6,000	6,100	6,200
Fruit fly management:			
Mediterranean fruit fly:			
Sterile insects released (millions):			
Guatemala	18,000	20,000	20,000
Mexico	11,000	9,000	9,000
Sterile insects produced (millions):			
Guatemala	10,043	12,000	13,000
Mexico	31,309	30,000	28,000
Mexican fruit fly:			
Sterile insects released (millions):			
Northwest Mexico	501	500	500
Northeast Mexico	34	30	30
Import-export program:			
Import inspection:			
Animals (thousands).	3,280	3,200	3,280
Personally owned pet birds	1,520	1,500	1,500
Commercial birds	110,570	110,000	100,000
Poultry (chick and pouls - thousands)	6,282	7,000	7,000

<u>Program</u>	<u>1994 Actual</u>	<u>1995 Estimated</u>	<u>1996 Estimated</u>
Poultry hatching eggs (thousands)	10,048	12,000	12,000
Bovine, sheep, and horse semen doses . . .	596,000	600,000	600,000
Goat and bovine embryos	5,336	5,000	5,000
Export inspection:			
Ruminants and horses (thousands)	1,003	1,020	1,020
Poultry (thousand)	54,997	55,000	55,000
Dozens of hatching eggs (thousands)	32,092	30,000	30,000
Bull semen (thousands)	7,042	7,000	7,000
Bovine embryos	7,139	7,000	7,000
New agreements with foreign countries to accept animal/poult exported from U.S. . .	12	13	14
Outbreaks of exotic animal diseases due to importations	—	—	—
Import/Export products:			
Import product permits (commercial) . . .	1,940	2,000	2,050
Organism and vector permits (research) . .	4,565	4,650	4,750
Product export certifications	30,000	40,000	45,000
Facility/establishment inspections	600	625	650
Laboratory inspections	500	550	575
International programs:			
Foot-and-mouth disease:			
Exotic animal disease investigation in Mexico:			
Total investigations	600	450	450
Livestock investigations (excluding rabbits)	300	250	250
Investigations on rabbits	300	200	200
Vesicular disease investigations:			
Panama	20	20	20
Colombia	350	350	350
Central America	285	200	220
Mexico	75	80	80
Laboratory samples processed:			
Mexico (excluding rabbits)	400	400	400
Mexico (total)	2,200	2,200	2,500
Panama	300	300	300
Mediterranean fruit fly:			
Jackson traps serviced by USDA (thousands):			
Mexico	15,800	16,000	16,000
Medfly detection sites:			
Mexico	193	140	100
Peten, Guatemala	23	5	5
Belize	1	—	—
Mexican fruit fly:			
McPhail traps services by USDA:			
Mexico	1,450	1,500	1,500
Mexfly detections:			
Baja California Norte	25	40	40
Lower Rio Grande (Mexico)	1	—	—
Sonora Free Zone	—	—	—

<u>Program</u>	<u>1994 Actual</u>	<u>1995 Estimated</u>	<u>1996 Estimated</u>
Screwworm:			
Cases in the United States	--	--	--
Cases in Mexico	--	--	--
Cases in Guatemala	--	--	--
Cases in Belize	--	--	--
Cases in El Salvador	--	--	--
Cases in Honduras	301	50	--
Cases in Nicaragua	7,500	1,500	--
Cases in Costa Rica	--	--	4,400
Cases in Panama	--	--	--
Sterile fly production - Tuxtla Gutierrez, Mexico (millions/week)	186	150	150
2. Plant and Animal Health Monitoring:			
Animal Health Monitoring and Surveillance:			
States participating in NAHMS	37	39	41
Percent of U.S. livestock covered by NAHMS:			
Dairy	96	98	98
Beef-cow/calf	88	90	90
Swine	96	91	95
Sheep	86	98	98
Feedlot cattle	96	98	99
Breeder chickens/turkeys, based on			
NPIP data	99	99	99
Equine	10	10	16
Number of major livestock/ poultry commodities monitored			
Producers voluntary participation rates in NAHMS national surveys	70	78	81
Veterinary Diagnostic Laboratory Reporting System:			
Number of states participating	24	26	29
Number of laboratories submitting data ..	28	30	32
Diseases and disease agents tracked	15	17	17
Number of States classified as U.S.			
Pullorum Typhoid Clean	42	43	47
Number of egg and meat-type breeding flocks in plan			
Number of water fowl, exhibition poultry, and game bird breeding flocks in plan	3,833	3,800	3,800
Number of States classified as U.S.	4,443	4,500	4,500
Mycoplasma Gallisepticum Clean (turkeys)			
Turkey breeding flocks in the plan	12	12	13
Turkey breeding flocks in the plan	690	681	680
Number of garbage inspections	24,474	24,000	23,500
Number of violations of the Swine Health Protection Act			
Searches for unlicensed garbage feeders ..	317	300	280
Exotic diseases and parasites:	68,481	68,000	67,500
Investigations of suspicious cases	283	300	300

<u>Program</u>	<u>1994 Actual</u>	<u>1995 Estimated</u>	<u>1996 Estimated</u>
Compliance:			
Inspections conducted at livestock markets and at other concentration points	15,500	17,000	17,000
Inspections conducted at slaughter establishments	4,800	5,000	5,000
Livestock market approvals	382	400	440
Animal and plant health regulatory enforcement:			
Agricultural quarantine inspection:			
Field investigations	263	300	300
Formal cases	1,098	1,200	1,200
Warning notices	25	50	50
Stipulations.	558	600	600
Cases sent to OGC	93	125	150
Animal health monitoring and surveillance:			
Field investigations	1,525	1,300	1,200
Formal cases.	701	700	700
Warning notices	325	300	250
Stipulations.	81	75	75
Cases sent to OGC	48	60	60
Animal welfare:			
Field investigations	815	800	800
Formal cases	719	750	750
Warning notices	389	450	450
Stipulations.	78	100	100
Cases sent to OGC	91	90	90
Horse protection:			
Field investigations	41	40	50
Formal cases.	11	10	20
Warning notices	—	—	—
Stipulations	—	—	—
Cases sent to OGC	19	10	20
Veterinary biologics:			
Field investigations	23	25	25
Formal cases.	6	10	10
Warning notices	2	5	5
Cases sent to OGC	2	5	5
Plant pest survey:			
Fruit fly detection:			
Mediterranean	48,500	49,600	49,600
Melon	13,900	13,900	13,900
Oriental	20,800	20,800	20,800
Mexican	<u>19,500</u>	<u>20,300</u>	<u>20,300</u>
Total	102,700	104,600	104,600
Imported fire ant:			
Regulatory violations (State and Federal)	24	30	30
Regulatory inspections (State and Federal)	6,500	5,000	—
Grasshopper and Mormon cricket:			
Total acres treated (thousands)	91	2,000	2,000
Acres treated in CRP lands (thousands) . .	—	1	1
Economically infested acres from survey (thousands)	15,944	33,132	35,000

<u>Program</u>	<u>1994 Actual</u>	<u>1995 Estimated</u>	<u>1996 Estimated</u>
Honeybee pests:			
Swarm traps at ports-of-entry	210	200	150
Plant pest detection:			
Special area wide pest reporting projects	6	4	4
Pest maps developed	1,000	1,000	1,000
Biocontrol projects supported	5	6	6
Exotic species surveyed	20	20	20
Species distributions recorded	10	10	10
Witchweed:			
Acres infested at end-of-year	31,000	27,000	17,000
Acres released from quarantine at end-of-season	11,000	10,000	1,000
Total acres in released category	148,000	158,000	159,000
Acres terminated from project at end-of-season	15,000	—	—
Total acres terminated from project	236,000	251,000	251,000

3. Pest and Disease Management:

ADC operations:

Number of livestock protected:			
Sheep and goats	8,600,000	8,300,000	6,396,000
Cattle	11,500,000	11,450,000	8,892,000
Crop acres protected:			
Small grains	1,400,000	1,350,000	1,053,000
Sunflowers	335,500	340,000	265,200
Fruit and nut orchards	178,000	179,000	139,620
Hay, alfalfa, and pasture	495,000	500,000	390,000
Citrus	48,000	49,000	38,220
Corn	159,000	160,000	124,800
Soybeans	21,500	22,500	17,550
Vineyards	142,000	145,000	115,100
Range and forest acres protected:			
Range	8,500,000	8,500,000	7,020,000
Forest	3,250,000	3,100,000	2,535,000
Health and safety accomplishments:			
Airports (prevent bird strikes)	385	375	289
Rabies projects	72	65	50
Plague surveillance projects	270	260	200
Number of requests for assistance:			
Agriculture	110,000	111,000	85,470
Urban interests	90,000	93,000	72,380
Human health and safety	22,000	22,500	17,710
Industrial facilities	1,500	1,500	1,155
Natural resources	1,280	1,285	1,000

Biological control:

Natural enemies released (thousands):			
Colorado potato beetle	1,500	3,000	2,550
Diffuse and spotted knapweed	97	68	58
Leafy spurge	1,300	2,200	3,900
Russian wheat aphid	3,400	2,500	1,700
Sweetpotato whitefly	10,000	10,000	8,500
Euonymus scale	77	30	—
Cereal leaf beetle	44	60	50

<u>Program</u>	<u>1994 Actual</u>	<u>1995 Estimated</u>	<u>1996 Estimated</u>
Gypsy moth	--	--	3
Pine shoot beetle	--	2	10
Japanese beetle	--	--	3
Common Crupina	--	1	3
Purple loosestrife	--	4	10
Boll weevil:			
Weevil-free acres (thousands):			
Central eradication and suppression program	3,500	3,500	3,500
SE eradication	1,600	1,900	1,900
SW eradication	1,650	1,650	1,650
Acres under treatment (thousands):			
Central eradication and suppression program	500	800	780
SE eradication	500	500	720
SW eradication	1	1	--
Brucellosis:			
Cattle:			
Class Free status States*	36	38	40
Class A status States	17	14	13
Class B status States	--	--	--
Total number of quarantined herds at the end-of-fiscal year	172	110	70
* Includes Puerto Rico, U.S. Virgin Is., and D.C.			
Cattle ticks:			
Infested premises under treatment outside of quarantine zone at end of FY (Texas)	9	4	4
Infested premises under treatment inside quarantine zone at end of FY (Texas)	21	16	16
Premises freed of ticks (cumulative) Puerto Rico (bovine only)	12,100	14,000	14,000
Plant pest management:			
European gypsy moth:			
Acres treated	4,005	3,500	3,000
Acres mass-trapped	20,234	18,250	15,550
Acres treated in cooperation with Forest Service	20,000	18,250	15,512
Pink bollworm:			
Sterile insects released (millions):			
San Joaquin Valley	800	850	850
Imperial/Coachella Valley demonstration project	422	--	--
Sterile insects reared (millions)	1,222	850	850
Noxious weed program:			
Acres treated for goatsrue	39,000	39,000	39,000
Acres treated for <u>Orobanche ramosa</u>	350	350	350
Mediterranean fruit fly:			
Sterile insects released (millions):			
California	18,000	29,900	11,500
Sterile insects produced (millions):			
Hawaii	18,900	15,600	6,000

<u>Program</u>	<u>1994 Actual</u>	<u>1995 Estimated</u>	<u>1996 Estimated</u>
Mexican fruit fly:			
Sterile insects released (millions):			
California	573	—	—
Texas	1,017	1,000	1,000
Pseudorabies:			
States enrolled in the National Pseudorabies Eradication Program:			
Stage I States	1	—	—
Stage II States	8	5	5
Stage II/III States	5	5	5
Stage III States	20	16	16
Stage IV States	5	9	9
Stage V States	13	17	17
Known infected herds	5,342	4,000	3,000
Market/Slaughter samples tested	650,000	700,000	600,000
States that advanced to next stage	26	18	—
Hogs infected during the year	600,000	400,000	350,000
Hogs currently infected	3,708,000	1,147,678	1,888,606
Herds infected during the year	1,981	800	700
Herds currently infected	5,788	4,000	3,300
Herds cleaned up during the year	2,284	2,588	1,500
Herds on clean-up plans	5,788	4,000	3,000
Scrapie:			
Total number of infected flocks, includes new and existing	81	75	70
Number of new infected flocks found	39	40	40
Number of source flocks	6	5	5
Flocks participating in flock certification program	69	100	150
Flocks eligible to advance to higher certification levels	28	66	40
Flocks that advanced to higher certification levels	6	60	20
Flocks in Class C (1st year)	—	—	6
Flocks in Class B (2nd year)	60	40	50
Flocks in Class A (2nd year)	—	—	6
Flocks certified	1	1	1
Tuberculosis:			
States accredited-free status	42	45	46
States modified-accredited status	8	5	4
Herds located	6	5	7
Herds depopulated	2	2	3
4. Animal Care:			
Animal welfare:			
Complaints investigated and resolved	642	580	580
Number of inspections conducted at:			
licensees and/or registrants	13,371	13,195	12,500
Number of violations processed	448	400	400
Dealer inspections	5,854	6,500	5,800
Research inspections	3,953	3,500	3,000
Exhibitor inspections	3,274	2,500	2,000

<u>Program</u>	<u>1994 Actual</u>	<u>1995 Estimated</u>	<u>1996 Estimated</u>
Intransit inspections:			
Carriers	1,407	1,700	1,500
Handlers	290	290	290
Number of searches conducted	2,354	1,500	1,000
Preliminary inspections	1,853	1,750	1,250
Horse protection:			
APHIS staff days and/or nights of inspecting or monitoring horse shows and sales . . .	100	100	100
5. Scientific and Technical Services:			
ADC methods development:			
Registration/Reregistration:			
Number of data submissions	20	15	15
Number of quarterly, annual, and consortia progress reports	33	30	15
Number of registration applications	61	60	60
Number of investigational new animal drug application - (requires FDA approval)	—	1	—
Number of data "call-in" - (data collected on pesticides (chemical-repellents) for EPA reregistration)	—	2	2
Research:			
Studies initiated	32	40	46
Studies completed	42	42	42
Studies in progress	129	110	120
Publications	65	59	75
Biotechnology/Environmental Protection:			
Number of release permit applications received:			
Release	90	100	100
Importation	60	75	75
Movement	75	125	125
Number of release permits issued:			
Release	77	95	95
Importation	60	75	75
Movement	75	125	125
Number of days to process:			
Release	75	90	90
Importation	45	45	45
Movement	45	45	45
Number of notifications received (since inception of process, 5/1/93) for corn, cotton, potato, soybean, tobacco, tomato:			
Release	700	1,700	3,500
Importation	10	12	100
Movement	400	800	1,200
Number acknowledged:			
Release	780	1,140	3,500
Importation	10	12	100
Movement	350	700	1,050
Number of days to acknowledge:			
Release	25	25	25
Importation	10	10	10

<u>Program</u>	<u>1994 Actual</u>	<u>1995 Estimated</u>	<u>1996 Estimated</u>
Movement	8	8	8
Scientific Services (NMRAL):			
Number of program samples analyzed . .	5,515	5,300	6,000
Number of contract samples analyzed . .	9,321	10,766	11,000
Plant methods and biological control laboratories:			
Aerial pesticide application technology tests	6	8	8
Asian gypsy moth:			
Formal presentations	5	6	6
Manuscripts	1	3	10
Research experiments	17	20	20
Consultations	100	100	50
European gypsy moth:			
Formal presentations	12	12	12
Manuscripts	3	4	4
Pheromone trials	5	5	5
Aerial pesticide technology development tests	8	10	10
Insecticide formulation tests in the laboratory	28	30	30
Consultations	102	102	102
Biological control:			
Formal presentations	3	9	9
Impact evaluation	2	2	2
Research experiments	10	5	6
Cooperative studies	3	4	4
Consultations	10	2	3
Exotic pest survey:			
Formal presentations	3	1	1
Pheromone trials	4	2	2
Consultations	64	4	4
Production of survey dispensers	45,000	50,000	48,000
Consultations on exotic pest survey methods	83	103	103
Grasshopper:			
Formal presentations	10	5	5
Bio-insecticide formulations tested in the field	1	1	15
Bio-insecticide laboratory tests	4	15	10
Insecticide formulations tested in the field	3	—	3
Insecticide formulations tested in the laboratory	1	3	3
Field evaluations of IPM treatments	7	2	7
Individual training for grasshopper identification	1	3	3
IPM technology transfer team activities/ sessions	10	6	6
Manuscripts	6	4	1
Identification techniques:			
Formal presentations	4	4	4
Research experiments	1	25	25
Cooperative studies	1	10	10
Consultations	60	70	70

<u>Program</u>	<u>1994 Actual</u>	<u>1995 Estimated</u>	<u>1996 Estimated</u>
Imported fire ant:			
Formal presentations	10	12	12
Manuscripts	3	4	4
Experiments	30	30	30
Insecticidal treatments evaluated	28	25	25
Consultations	200	200	200
Mediterranean fruit fly:			
Traps and Lure Tests	14	6	4
Mass rearing and SIT	15	15	10
Competitiveness Tests	9	10	8
Consultations	30	2	2
Manuscripts	2	2	3
Mexican fruit fly:			
Field trials conducted of new traps and lures	7	10	10
Technology tests	—	2	2
Mass-rearing and sterile release technology	6	10	10
Manuscripts	2	2	2
Noxious weeds:			
Formal presentations	40	28	31
Manuscripts	16	16	16
Research experiments	83	65	65
Species projects	55	60	65
Consultations	301	275	275
Pine shoot beetle:			
Formal presentations	4	6	6
Manuscripts	1	1	3
Research experiments	15	10	15
Consultations	25	50	50
Regulatory treatments investigated	15	15	5
Pink bollworm:			
Formal presentations	4	3	3
Shipments of test insects	312	300	300
Pheromone system field trials	3	2	4
Mass-rearing assistance to major field trials	15	15	15
Technical assistance to major field trials	3	3	4
Field trap and behavior tests	9	8	8
Whitefly:			
Formal presentations	6	5	5
Manuscripts and reports	9	7	7
Evaluation of area-wide management projects	4	2	4
Predator colonies maintained	2	2	1
Predator field tests	4	5	5
Parasite release and evaluation	15	12	3
Witchweed:			
Formal presentations	8	8	8
Manuscripts	6	6	6
Research experiments	30	20	10
Herbicidal treatments investigated	50	35	20
Consultations	130	205	205
Technical support	30	40	40

<u>Program</u>	<u>1994 Actual</u>	<u>1995 Estimated</u>	<u>1996 Estimated</u>
Veterinary biologics:			
Number of serials processed for release . .	21,712*	17,000	12,500
Number of serials submitted for pre-release check testing	11,312	12,500	12,500
Percent of serials tested for:			
Potency	9.9	9.9	9.9
Purity	4.4	4.4	4.4
Sterility	4.4	4.4	4.4
Safety	0.0	0.0	0.0
Chemistry	0.2	0.2	0.2
Number of inspections:			
In-depth	57	45	45
Follow-up	6	5	5
Special	40	35	35
Percent of inspections that find unsafe practices	55	65	75
* Reduction in total numbers due to removal of release and check-testing requirements for first-serial autogenous biologics.			
Veterinary diagnostics:			
Number of import-export health requirement tests conducted at National Veterinary Service Laboratories (NVSL)	70,000	65,000	60,000
Number of import-export health requirement tests conducted at Foreign Animal Diseases Diagnostic Laboratories (FADDL)	22,000	22,000	21,000
Number of fraudulent blood screening tests conducted	70,000	70,000	70,000
Number of diagnostic tests conducted at NVSL	459,000	600,000	700,000
Volume of reagents shipped (milliliters):			
By NVSL	3,300,000	3,300,000	3,400,000
By FADDL	200,000	200,000	200,000
Number of training days provided:			
International students	435	450	475
Domestic students	300	300	325

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

Available Funds and Staff-Years1994 Actual and Estimated, 1995 and 1996

Item	1994 Actual		1995 Estimated		1996 Estimated	
	Amount	Staff- Years	Amount	Staff- Years	Amount	Staff- Years
<u>Appropriated:</u>						
Salaries and Expenses.....	\$340,866,064	4,304	\$340,382,000	4,027	\$330,025,000	3,853
Transfer to Office of Secretary.....	-141,000	--	--	--	--	--
Transfer to Food Safety and Inspection Service.....	-400,000	--	--	--	--	--
Agricultural quarantine inspection user fees.....	97,856,000	1,604	96,660,000	1,872	100,254,000	1,954
Emergency transfers (CCC).....	19,628,000	182	7,850,000	--	--	--
Puerto Rico cattle tick.....	12,472,000	35	12,472,000	35	--	--
Buildings and Facilities.....	7,918,000	--	6,973,000	--	12,541,000	--
	478,199,064	6,125	464,337,000	5,934	442,820,000	5,807
<u>Obligations under other USDA Appropriations:</u>						
Agricultural Marketing Service: for administrative and technical support.....	1,816,100	27	2,103,000	28	2,103,000	28
Agricultural Research Service:						
for administrative and technical support.....	104,142	--	74,000	--	74,000	--
for plant control.....	311,379	--	103,000	--	103,000	--
for animal control.....	19,500	--	14,000	--	14,000	--
Consolidated Farm Service Agency: for technical assistance.....	20,701	--	21,000	--	21,000	--
Food Safety and Inspection Service: for administrative support.....	6,000	--	--	--	--	--
Foreign Agricultural Service: for technical support.....	33,503	--	34,000	--	34,000	--
for employee services and training.....	29,311	--	29,000	--	29,000	--

Item	1994 Actual		1995 Estimated		1996 Estimated	
	Amount	Staff- Years	Amount	Staff- Years	Amount	Staff- Years
Forest Service: for animal damage control, and gypsy moth control....	191,795	--	192,000	--	192,000	--
Grain Inspection, Packers and Stockyards Administration: for administrative support.....	1,252,000	37	1,252,000	37	1,252,000	37
Hazardous Waste Management.....	300,000	--	150,000	--	--	--
Office of the Inspector General: for administrative support.....	8,927	--	9,000	--	9,000	--
Office of the Secretary: in support of the FISVIS initiative.....	57,249	1	57,000	1	--	--
Natural Resources Conservation Service: for administrative support.....	300	--	--	--	--	--
for contamination and residue testing.....	100,000	--	100,000	--	100,000	--
Rural Business and Cooperative Development Service: for administrative support.....	72,775	2	--	--	--	--
Total, Other Agriculture Appropriations.....	4,323,682	67	4,138,000	66	3,931,000	65
Total, Agriculture Appropriations.....	482,522,746	6,192	468,475,000	6,000	446,751,000	5,872
Other Federal Funds:						
Department of Defense: for brown tree snake control..	1,000,000	--	--	--	--	--
Department of Energy: for animal damage control activities.....	44,000	--	44,000	--	44,000	--
Department of the Interior: Fish and Wildlife Service for animal damage control activities.....	211,867	--	212,000	--	212,000	--
Bureau of Land Management: for temporary use of GSA vehicles.....	1,000	--	--	--	--	--

Item	1994 Actual		1995 Estimated		1996 Estimated	
	Amount	Staff- Years	Amount	Staff- Years	Amount	Staff- Years
Department of Commerce (NOAA): for animal damage control activities.....	4,646	-	5,000	-	5,000	-
Department of Treasury: for shuttle service.....	16,307	-	-	-	-	-
Tennessee Valley Authority for animal damage control activities.....	93,817	-	94,000	-	94,000	-
U.S. Air Force: for animal damage control activities.....	55,693	-	56,000	-	56,000	-
U.S. Army: for animal damage control activities...	478,035	-	478,000	-	478,000	-
U.S. Marine Corps: for animal damage control..... activities.....	67,889	-	68,000	-	68,000	-
U.S. Navy: for preclearance activities..... for animal damage control activities.....	85,000 320,188	- -	85,000 320,000	- -	85,000 320,000	- -
<u>Total, Other Federal Funds</u>	2,378,442	-	1,362,000	-	1,362,000	-
<u>Total, Federal Funds.....</u>	484,901,188	6,192	469,837,000	6,000	448,113,000	5,872
<u>Reimbursements:</u> Funds from State and local governments for animal damage control activities..	7,785,739	185	6,629,000	188	7,900,000	189
California Department of Food and Agriculture for inspection services.....	626,617	14	-	-	-	-
Illegally imported birds.....	68,573	3	150,000	3	150,000	2
Import-Export user fees.....	7,040,947	50	7,032,000	95	6,170,000	95
Phytosanitary certificate user fees.....	3,015,000	32	3,388,841	25	4,189,000	25
Reimbursable overtime.....	13,148,014	-	10,912,629	-	11,050,000	-
Truman Animal Import Center.....	578,000	2	1,000,000	4	1,400,000	4
Veterinary diagnostics user fees.....	1,286,403	22	1,100,000	19	1,300,000	19
<u>Trust Funds:</u> Miscellaneous Contributed Funds.....	6,157,707	53	6,921,000	53	6,998,000	53
<u>Total, Non-Federal Funds..</u>	39,707,000	361	37,133,470	387	39,157,000	387

Item	1994 Actual		1995 Estimated		1996 Estimated	
	Amount	Staff- Years	Amount	Staff- Years	Amount	Staff- Years
Total, Animal and Plant Health Inspection Service..	524,608,188	6,553	506,970,470	6,387	487,270,000	6,259

ANIMAL AND PLANT HEALTH INSPECTION SERVICE
Permanent Positions by Grade and Staff-Year Summary
1994 and Estimated 1995 and 1996

Grade	1994			1995			1996		
	Headquarter	Field	Total	Headquarter	Field	Total	Headquarter	Field	Total
ES-6	1	0	1	1	0	1	1	0	1
ES-5	6	2	8	7	0	7	7	0	7
ES-4	1	6	7	2	6	8	2	6	8
ES-3	1	0	1	3	0	3	3	0	3
ES-2	0	0	0	0	1	1	0	1	1
ES-1	0	0	0	1	0	1	1	0	1
GS/GM-15	49	27	76	44	25	69	40	25	65
GS/GM-14	147	136	283	144	135	279	138	130	268
GS/GM-13	160	275	435	157	274	431	153	270	423
GS-12	111	528	639	112	533	645	110	525	635
GS-11	105	759	864	111	766	877	109	755	864
GS-10	4	6	10	4	6	10	4	6	10
GS-09	50	788	838	55	795	850	53	784	837
GS-08	110	187	297	114	189	303	112	186	298
GS-07	54	385	439	58	394	452	56	388	444
GS-06	81	196	277	82	198	280	80	195	275
GS-05	80	474	554	81	481	562	79	474	553
GS-04	37	212	249	37	214	251	37	211	248
GS-03	8	11	19	8	11	19	8	11	19
GS-02	0	4	4	0	4	4	0	4	4
Other Graded Positions	15	485	500	15	490	505	15	483	498
Ungraded Positions	0	129	129	0	130	130	0	128	128
Total Permanent Positions	1,020	4,610	5,630	1,036	4,652	5,688	1,008	4,582	5,590
Unfilled Positions End-of-Year.....	-79	-433	-512	-142	-437	-579	-160	-423	-583
Total Permanent Employment, End-of-Year.....	941	4,177	5,118	894	4,215	5,109	848	4,159	5,007
Staff-Years: Ceiling.....	978	5,575	6,553	927	5,460	6,387	883	5,376	6,259

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

CLASSIFICATION BY OBJECTS1994 and Estimated 1995 and 1996

	<u>1994</u>	<u>1995</u>	<u>1996</u>
Personnel Compensation:			
Headquarters.....	\$41,614,146	\$42,244,000	\$40,320,000
Field.....	<u>198,664,184</u>	<u>189,096,000</u>	<u>184,025,000</u>
11 Total personnel compensation.....	240,278,330	231,340,000	224,345,000
12 Personnel benefits.....	52,670,039	46,472,000	47,074,000
13 Benefits for former personnel.....	<u>484,069</u>	<u>500,000</u>	<u>574,000</u>
Total personnel compensation and benefits.....	293,432,438	278,312,000	271,993,000
Other Objects:			
21 Travel.....	14,907,101	12,300,000	11,324,000
22 Transportation of things.....	4,049,070	3,982,000	4,326,000
23.2 Rental payments to others.....	3,544,561	3,564,000	3,549,000
23.3 Communications, utilities and miscellaneous charges.....	15,155,439	13,000,000	15,065,000
24 Printing and reproduction	816,107	584,000	560,000
25.2 Other services.....	63,967,021	57,868,000	43,615,000
26 Supplies and materials...	29,901,123	22,535,000	26,093,000
31 Equipment.....	23,688,007	20,000,000	22,304,000
32 Lands and structures.....	24,016	27,000	27,000
41 Grants, contributions and subsidies.....	22,086,011	22,666,000	25,556,000
42 Insurance claims and indemnities.....	2,899,013	4,182,000	5,843,000
43 Interest and dividends...	<u>104,056</u>	<u>22,000</u>	<u>24,000</u>
Total other objects.....	<u>181,141,525</u>	<u>160,730,000</u>	<u>153,286,000</u>
Total direct obligations.....	<u>474,573,963</u>	<u>439,042,000</u>	<u>430,279,000</u>
<u>Position Data:</u>			
Average Salary, ES positions...	\$103,000	\$106,811	\$108,947
Average Salary, GM/GS positions.....	39,500	40,960	41,667
Average grade, GM/GS positions.	8.56	8.56	8.56

PASSENGER MOTOR VEHICLES

The 1996 Budget Estimates propose the purchase of 170 replacement passenger motor vehicles.

The passenger motor vehicles of the Service are used by veterinarians, animal health technicians, plant protection and quarantine officers, inspectors, wildlife biologists, and other technical personnel in the performance of their duties. APHIS personnel use passenger motor vehicles during their daily activities to travel between individual ranches, farms, orchards, nurseries, ports, and other commercial firms. Use of common carriers is not feasible because of the need to travel in mostly rural areas. Comparative cost studies have shown that it is more economical to use Government-owned vehicles rather than reimburse employees for the use of privately-owned cars.

The APHIS policy is to pool vehicles for use as much as possible. This results in a minimum of passenger motor vehicles and reduces overall operating costs. Operators are required to maintain and submit operational data. These periodic surveys are made to determine the continued need for vehicles and their condition.

Replacement of passenger motor vehicles. APHIS proposes replacing 170 of the 679 passenger motor vehicles in the Agency fleet. Of the 679 vehicles, 474 are estimated to be in operation at the beginning of FY 1995, 173 have been sold and not yet replaced, and 32 have been ordered and not yet delivered. These 474 vehicles are located in field locations and are used for pest and disease exclusion, plant and animal health monitoring, pest and disease management, animal care, and scientific and technical services programs. The control, eradication, testing, and inspection activities are essential in protecting the Nation's agriculture. All vehicles proposed for replacement have 60,000 or more miles or are more than 6 years of age.

Age and mileage data for passenger motor vehicles on hand as of September 30, 1994, are as follows:

Age Data			Mileage Data		
Age-Year Model	Number of Vehicles	Percent of Total	Lifetime Mileage (thousands)	Number of Vehicles	Percent of Total
1989 & older	117	25%	80 or more	116	24%
1990	126	26%	60 - 80	76	16%
1991	104	22%	40 - 60	79	17%
1992	64	14%	20 - 40	120	25%
1993	34	7%	20 or less	83	18%
1994	29	6%			
TOTAL	474	100%	TOTAL	474	100%

AIRCRAFT

There are presently 23 aircraft in the Agency fleet, eight of which are for domestic plant pest and disease programs, 13 for animal damage control programs, and two for international plant and animal pest exclusion programs. APHIS neither acquired nor excessed any aircraft in FY 1994. APHIS aircraft make aerial surveys and aerial application tests, are used for insect trapping operations, and are used to demonstrate special equipment for suppression of destructive insects attacking crops.

Replacement aircraft, if purchased, would be used primarily in pest and disease management programs. These aircraft are sometimes used to supervise and observe contract planes which are newer, faster models than those the Agency has available. While this replacement authority is requested each year in the appropriations act, the aircraft are replaced only when necessary to maintain the fleet in safe and efficient operating condition.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Salaries and Expenses:

For expenses, not otherwise provided for, including those pursuant to the Act of February 28, 1947, as amended (21 U.S.C. 114b-c), necessary to prevent, control, and eradicate pests and plant and animal diseases; to carry out inspection, quarantine, and regulatory activities; to discharge the authorities of the Secretary of Agriculture under the Act of March 2, 1931 (46 Stat. 1468; 7 U.S.C. 426-426b); and to protect the environment, as authorized by law, [\$443,651,000, of which \$96,660,000 shall be derived from user fees deposited in the Agricultural Quarantine Inspection User Fee Account, and] \$330,025,000, of which [\$4,938,000,] \$19,982,000, to remain available until expended, shall be available for the control of outbreaks of insects, plant diseases, animal diseases and for control of pest animals and birds to the extent necessary to meet emergency conditions: Provided, That [, if the demand for Agricultural Quarantine Inspection (AQI) user fee financed services is greater than expected and/or other uncontrollable events occur, the Agency may exceed the AQI User Fee limitation by up to 20 per centum, provided such funds are available in the Agricultural Quarantine Inspection User Fee Account, and with notification to the Appropriations Committees:] in fiscal year 1996 and thereafter, amounts in the Agricultural Quarantine Inspection User Fee account shall be available for authorized purposes without further appropriation: Provided further, That no funds shall be used to formulate or administer a brucellosis eradication program for the current fiscal year that does not require minimum matching by the States of at least 40 per centum: Provided further, That this appropriation shall be available for field employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$40,000 shall be available for employment under 5 U.S.C. 3109: Provided further, That this appropriation shall be available for the operation and maintenance of aircraft and the purchase of not to exceed four, of which two shall be for replacement only: Provided further, That, in addition, in emergencies which threaten any segment of the agricultural production industry of this country, the Secretary may transfer from other appropriations or funds available to the agencies or corporations of the Department such sums as he may deem necessary, to be available only in such emergencies for the arrest and eradication of contagious or infectious disease or pests of animals, poultry, or plants, and for expenses in accordance with the Act of February 28, 1947, as amended, and section 102 of the Act of September 21, 1944, as amended, and any unexpended balances of funds transferred for such emergency purposes in the next preceding fiscal year shall be merged with such transferred amounts: Provided further, That appropriations hereunder shall be available pursuant to law (7 U.S.C. 2250) for the repair and alteration of leased buildings and improvements, but unless otherwise provided the cost of altering any one building during the fiscal year shall not exceed 10 per centum of the current replacement value of the building. In fiscal year [1995] 1996 and thereafter, the Agency is authorized to collect fees to cover the total costs of providing technical assistance, goods, or services requested by States, other political subdivisions, domestic and international organizations, foreign governments, or

individuals, provided, that such fees are structured such that any entity's liability for such fees is reasonably based on the technical assistance, goods, or services provided to the entity by the agency, and such fees shall be credited to this account, to remain available until expended, without further appropriation, for providing such assistance, goods, or services.

The first change provides no-year authority for the contingency fund. This was previously shown in Section 705 of the General Provisions.

The second change would allow APHIS to provide increased inspection service to match the levels of international commerce and travel. Under existing legislation, user fees are deposited into a Treasury account. Congress established the amount APHIS can expend through the appropriations process.

The third change extends the authority to recover the direct and indirect costs of providing goods and services, and other technical assistance requested by States, local jurisdictions, public and private organizations, international organizations, foreign governments, and individuals, to fiscal year 1996 and beyond.

SALARIES AND EXPENSES – CURRENT LAW

Appropriations Act, 1995.....	\$443,651,000
Budget Estimate, 1996.....	<u>430,279,000</u>
Decrease in Appropriation.....	<u>-13,372,000</u>

Adjustments in 1995:

Appropriations Act, 1995.....	\$443,651,000	
Activities transferred to Food Safety and Inspection Service <u>a/</u>	-6,184,000	
Transfer to Office of Communications <u>b/</u>	-114,000	
EEO Consolidation <u>c/</u>	<u>-311,000</u>	
Adjusted Base for 1995.....		437,042,000
Budget Estimate, Current Law, FY 1996.....		<u>430,279,000</u>
Decrease from adjusted 1995.....		<u>-6,763,000</u>

a/ Pursuant to Secretary's Memorandum No. 1010-1, dated October 20, 1994, the preharvest/salmonella enteritidis functions were transferred to the Food Safety and Inspection Service from this account. The full cost of this activity is \$6,184,000 for FY 1995 and \$6,996,000 for FY 1996.

b/ This transfer was made pursuant to the Secretary's authority provided by P.L. 103-330 dated September 30, 1994.

c/ Pursuant to Secretary's Memorandum No. 1020-42 dated September 26, 1994 the Department's EEO counseling function shall henceforth be performed solely by Departmental Administration-Office of Civil Rights Enforcement.

SALARIES AND EXPENSES – PROPOSED LEGISLATION

Budget Estimate, Current Law, 1996.....	\$430,279,000
Change due to proposed legislation.....	<u>-8,203,000</u>
Net Request, President's 1996 Budget Request.....	<u>422,076,000</u>

SUMMARY OF INCREASES AND DECREASES – CURRENT LAW

(On basis of adjusted appropriation)

<u>Item of Change</u>	<u>1995 Estimated</u>	<u>Program Changes</u>	<u>Pay Cost</u>	<u>Other Changes</u>	<u>1996 Estimated</u>
AQI Appropriated.....	\$25,016,000	-	+\$553,000	-\$655,000	\$24,914,000
AQI User Fees.....	96,660,000	+\$3,505,000	+1,544,000	-1,455,000	100,254,000
Foot-and-Mouth Disease.....	1,872,000	-	+4,000	+12,000	1,888,000
Fruit Fly Management.....	7,764,000	-	+52,000	-7,000	7,809,000
Import/Export.....	6,528,000	-	+77,000	-46,000	6,559,000
International Programs.....	9,718,000	-	+61,000	-10,000	9,769,000
Screwworm.....	33,996,000	-	+78,000	-105,000	33,969,000
Animal Health Monitoring and Surveillance.....	59,324,000	-	+568,000	-616,000	59,276,000
Animal and Plant Health Regulatory Enforcement.....	5,859,000	-	+101,000	-105,000	5,855,000
Plant Pest Survey.....	18,298,000	+337,000	+247,000	-161,000	18,721,000
ADC Operations.....	26,566,000	-6,378,000	+380,000	-271,000	20,297,000
Aquaculture.....	493,000	-79,000	+9,000	-10,000	413,000
Biocontrol.....	3,919,000	-628,000	+44,000	-46,000	3,289,000
Boll Weevil.....	18,066,000	-7,105,000	+83,000	-28,000	11,016,000
Brucellosis.....	27,754,000	-6,272,000	+163,000	-65,000	21,580,000
Cattle Ticks.....	4,574,000	-733,000	+87,000	-91,000	3,837,000
Plant Pest Management.....	5,511,000	-1,003,000	+43,000	-15,000	4,536,000

<u>Item of Change</u>	<u>1995 Estimated</u>	<u>Program Changes</u>	<u>Pay Cost</u>	<u>Other Changes</u>	<u>1996 Estimated</u>
Pseudorabies.....	4,539,000	-1,700,000	+41,000	-17,000	2,863,000
Scrapie.....	2,967,000	-799,000	+16,000	-12,000	2,172,000
Tropical Bont Tick.....	537,000	-86,000	+3,000	-2,000	452,000
Tuberculosis.....	5,494,000	-880,000	+54,000	-59,000	4,609,000
Animal Welfare.....	9,252,000	-	+90,000	-157,000	9,185,000
Horse Protection.....	362,000	-	+5,000	-4,000	363,000
Animal Control Methods Development.....	9,672,000	-	+135,000	-142,000	9,665,000
Biotechnology and Environmental Protection..	7,683,000	-	+75,000	-81,000	7,677,000
Integrated Systems Acquisition Project.....	3,498,000	+536,000	+15,000	+6,000	4,055,000
Plant Methods & Biocontrol Laboratories.....	11,029,000	-957,000	+163,000	-138,000	10,097,000
Veterinary Biologics.....	10,360,000	-	+108,000	-76,000	10,392,000
Veterinary Diagnostics.....	14,797,000	-	+146,000	-158,000	14,785,000
Contingency Fund.....	<u>4,934,000</u>	<u>+15,062,000</u>	<u>+5,000</u>	<u>-19,000</u>	<u>19,982,000</u>
Total, Available Salaries and Expenses.....	<u>437,042,000</u>	<u>-7,180,000</u>	<u>+4,950,000</u>	<u>-4,533,000</u>	<u>430,279,000</u>

PROJECT STATEMENT - CURRENT LAW
(On Basis of Adjusted Appropriation)

Project	1994 Actual		1995 Estimated		Increase or Decrease	1996 Estimated	
	Amount	Staff- Years	Amount	Staff- Years		Amount	Staff- Years
1. Pest and disease exclusion:							
(a) Agricultural quarantine inspection (Appropriated).....	\$24,306,521	598	\$25,016,000	618	-102,000	\$24,914,000	618
(b) Agricultural quarantine inspection (User Fees).....	97,856,000	1,604	96,660,000	1,872	3,594,000	100,254,000	1,954
(c) Foot-and-mouth disease.....	1,907,000	5	1,872,000	5	16,000	1,888,000	5
(d) Fruit fly management.....	7,927,052	61	7,764,000	58	45,000	7,809,000	59
(e) Import-Export inspection.....	7,096,775	91	6,528,000	89	31,000	6,559,000	89
(f) International programs.....	8,438,165	67	9,718,000	73	51,000	9,769,000	73
(g) Screwworm.....	31,182,042	91	33,996,000	85	-27,000	33,969,000	83
Total, Pest and Disease Exclusion.....	178,713,555	2,517	181,554,000	2,800	(1) 3,608,000	185,162,000	2,881
2. Plant and animal health monitoring:							
(a) Animal health monitoring and surveillance.....	62,922,912	655	59,324,000	643	-48,000	59,276,000	640
(b) Animal and plant health regulatory enforcement.....	5,958,354	129	5,859,000	117	-4,000	5,855,000	117
(c) Plant pest survey.....	22,292,072	337	18,298,000	277	423,000	18,721,000	290
Total, Plant and animal health monitoring.....	91,173,338	1,121	83,481,000	1,037	(2) 371,000	83,852,000	1,047
3. Pest and disease management:							
(a) Animal damage control operations.....	26,216,098	521	26,566,000	482	-6,269,000	20,297,000	344
(b) Aquaculture.....	-	-	493,000	6	-80,000	413,000	6
(c) Biological control.....	6,186,106	77	3,919,000	60	-630,000	3,289,000	52
(d) Boll weevil.....	15,383,026	95	18,066,000	96	-7,050,000	11,016,000	95
(e) Brucellosis.....	28,190,941	255	27,754,000	197	-6,174,000	21,580,000	153
(f) Cattle ticks.....	4,492,860	135	4,574,000	104	-737,000	3,837,000	101
(g) Plant pest management.....	6,580,808	66	5,511,000	63	-975,000	4,536,000	58
(h) Pseudorabies.....	5,225,783	33	4,539,000	40	-1,676,000	2,863,000	32
(i) Scrapie.....	2,240,304	32	2,967,000	25	-795,000	2,172,000	21
(j) Tropical bont tick.....	-	-	537,000	3	-85,000	452,000	3
(k) Tuberculosis.....	5,326,911	56	5,494,000	60	-885,000	4,609,000	59
Total, Pest and disease management.....	99,842,837	1,270	100,420,000	1,136	(3) -25,356,000	75,064,000	924
4. Animal care:							
(a) Animal welfare.....	9,297,451	177	9,252,000	171	-67,000	9,185,000	170
(b) Horse protection.....	458,354	6	362,000	6	1,000	363,000	6
Total, Animal care.....	9,755,805	183	9,614,000	177	(4) -66,000	9,548,000	176
5. Scientific and technical services:							
(a) Animal damage control methods development.....	9,731,358	125	9,672,000	119	-7,000	9,665,000	119
(b) Biotechnology/ environmental protection.....	7,776,874	92	7,683,000	98	-6,000	7,677,000	98
(c) Integrated systems acquisition project.....	2,829,246	17	3,498,000	17	557,000	4,055,000	20
(d) Plant methods and biocontrol labs.....	10,599,000	286	11,029,000	201	-932,000	10,097,000	191
(e) Veterinary biologics.....	10,486,199	191	10,360,000	184	32,000	10,392,000	185
(f) Veterinary diagnostics.....	15,078,352	173	14,797,000	171	-12,000	14,785,000	171
Total, Scientific and technical services.....	56,501,029	884	57,039,000	790	(5) -368,000	56,671,000	784
6. Contingencies: plant and animal diseases and pests.....	2,758,000	-	4,934,000	25	(6) 15,048,000	19,982,000	60
7. Transfer to the Office of the Secretary.....	-141,000	-	-	-	-	-	-
Transfer to the Food Safety and Inspection Service.....	-400,000	-	-	-	-	-	-

Project	1994 Actual		1995 Estimated		Increase or Decrease	1996 Estimated	
	Amount	Staff- Years	Amount	Staff- Years		Amount	Staff- Years
Unobligated balance available start-of-year.....	-16,124	-	-	-	-	-	-
Unobligated balance available end-of-year.....	10,395	-	-	-	-	-	-
Unobligated balance expiring.....	1,315	-	-	-	-	-	-
Total, Available or estimate, salaries and expenses.....	438,199,150	5.975	437,042,000	5.965	-6,763,000	430,279,000	5.872
8 CCC transfer (Asian gypsy moth & fruit fly).....	19,628,486	182	7,380,500	-	-7,380,500	-	-
9 From FCS for cattle tick.....	12,472,000	35	a)12,472,000	35	-12,472,000	-	-
10 Advances and Reimbursements:							
(a) Federal.....	6,402,124	67	5,350,000	65	-57,000	5,293,000	64
(b) Non-Federal.....	33,304,876	241	31,783,470	269	2,080,530	33,864,000	270
Total, Advances and Reimbursements.....	39,707,000	308	37,133,470	334	2,023,530	39,157,000	334
Total, Available or estimate.....	510,006,636	6,500	494,027,970	6,334	-24,591,970	469,436,000	6,206
Total, Available or estimate, salaries and Expenses.....	438,199,150	-	437,042,000	-	-	430,279,000	-
Transfers to							
Food Safety and Inspection Service.....	400,000	-	6,184,000	-	-	-	-
Office of Communications.....	-	-	114,000	-	-	-	-
EEO Consolidation.....	-	-	311,000	-	-	-	-
Office of the Secretary.....	141,000	-	-	-	-	-	-
Total Appropriation, Salaries and Expenses.....	438,740,150	-	443,651,000	-	-	430,279,000	-

a) A request has been submitted to the Congress to rescind \$2,900,000 for the FCS transfer for cattle ticks

No-Year and Emergency Programs

Project	1994 Actual	1995 Carry-Over	1995 Appropriated	1995 Available
Animal Damage Control	5,632,000	1,032,512	-	1,032,512
Boll Weevil	15,382,283	889,478	18,066,000	18,955,479
Grasshopper/Mormon Cricket Reserve Fund	6,038,103	7,229,449	-	7,229,449
10% of Screwworm	3,592,777	898,371	3,399,600	4,297,971
Contingency Fund	2,758,310	4,266,352	4,934,000	9,200,352
Fruit Flies	15,988,615	2,144,736	7,380,500	9,525,236
Asian Gypsy Moth	3,416,000	1,841,149	-	1,841,149
ISAP	2,828,010	2,509,000	3,498,000	6,007,000
Total	55,636,098	20,811,047	37,278,100	58,089,148

JUSTIFICATION OF INCREASES AND DECREASES

- (1) A net increase of \$3,608,000 for pest and disease exclusion activities, consisting of:

- (a) An increase of \$2,369,000 which includes \$465,000 for annualization of the Fiscal Year (FY) 1995 pay raise and \$1,904,000 for the anticipated FY 1996 pay raise.
- (b) An increase of \$2,433,000 for the increase in non-salary costs of 3.0 percent.
- (c) A decrease of \$2,628,000 for the reduction in Federal employment costs.

In support of the Secretary's streamlining efforts and the President's Executive Order mandating a reduction in Federal employment, APHIS is reducing employment from the 1993 base.

To achieve the reduction target, APHIS will eliminate 7 staff years (2.2 percent) and associated non-salary costs, excluding AQI staff years, by the end of FY 1996.

- (d) A decrease of \$1,873,000 for administrative efficiency.

In support of the Secretary's streamlining efforts and the President's Executive Order to reduce overhead-type outlays from the FY 1993 baseline, budget authority is reduced.

In order to achieve these administrative savings, APHIS will reduce the cost of recruitment, travel, supplies, printing and reproduction, utilities, automation, program cost accounting, training, rent, and cooperative agreements in FY 1996.

- (e) A decrease of \$198,000 for Federal Telecommunications Systems (FTS) 2000 funding.

This decrease reflects lower long distance telecommunications prices due to price redeterminations in the FTS-2000 contracts.

- (f) An increase of \$3,505,000 for the agricultural quarantine inspection (AQI) user fees program (\$96,660,000 available in FY 1995).

The principal objective of the AQI user fee program is to prevent pests and diseases of foreign origin from entering the United States and spreading within the country. APHIS experienced an increase in passenger inspections from 57 million in FY 1993 to 62 million in FY 1994. During this same time period, cargo inspections increased by over 81,000. These increases prompted the need for additional staffing in existing ports to expedite passenger inspections while improving APHIS' ability to detect pests. In FY 1994, 170 new officer and technician positions were authorized. During FY 1995, those positions unfilled in FY 1994 and an additional 55-65 positions will be filled at the ports. Since FY 1996 is the first full year for most of the new staff, salaries for the full year and additional equipment and supplies will be needed to support this staff. The increases in passenger traffic are anticipated to continue in FY 1996, as evidenced by such events as the 1996 Olympics in Atlanta, Georgia.

The increase will allow improvements in several areas including permanent staffing, communications equipment, and automation. APHIS will acquire new x-ray machines, computer equipment, and officers to provide quicker and better service to passengers in the ports-of-entry. The AQI cargo inspection program will be more efficient with improved coverage in the airport inspection program and more thorough inspections nationally and internationally.

Under existing legislation, user fees collected for AQI are deposited into a Treasury account. Congress establishes, through the appropriations process, the amount APHIS can expend from this user fee account.

As demand for inspection services grows, APHIS needs to increase inspection services to match actual levels of commerce and international travel. These factors create a situation where collections could accrue in the Treasury AQI User Fee account which could not be expended to provide needed services because of appropriations limitations.

For FY 1996 the budget proposes that funds collected remain available without further appropriation.

(2) A net increase of \$371,000 for plant and animal health monitoring activities, consisting of:

- (a) An increase of \$916,000 which includes \$148,000 for annualization of the FY 1995 pay raise and \$768,000 for the anticipated FY 1996 pay raise.
- (b) An increase of \$1,141,000 for the increase in non-salary costs of 3.0 percent.
- (c) A decrease of \$1,044,000 for the reduction in Federal employment costs.

In support of the Secretary's streamlining efforts and the President's Executive Order mandating a reduction in Federal employment, APHIS is reducing employment from the 1993 base.

To achieve the reduction target, APHIS will eliminate 20 (1.5 percent) staff years by the end of FY 1996.

- (d) A decrease of \$886,000 for administrative efficiency.

In support of the Secretary's streamlining efforts and the President's Executive Order to reduce overhead-type outlays from the FY 1993 baseline, budget authority is reduced.

In order to achieve these administrative savings, APHIS will reduce the cost of recruitment, travel, supplies, printing and reproduction, utilities, automation, program cost accounting, training, rent, and cooperative agreements in FY 1996.

- (e) A decrease of \$93,000 for FTS 2000 funding.

This decrease reflects lower long distance telecommunications prices due to price redeterminations in the FTS-2000 contracts.

- (f) An increase of \$337,000 for activities that will be covered under the plant pest survey (PPS) program in FY 1996 (\$18,298,000 available in FY 1995).

In order to increase the Agency's capability to respond to small scale emergencies before they become major problems, it is proposed that APHIS' contingency fund be increased to \$20 million through an approximate 15-percent across-the-board reduction in base funding for all Pest and Disease Management programs. This program's share of the general reduction is \$1,318,000 among regularly appropriated funds. However, this is offset by an increase of \$1,655,000 for program activities, resulting in a net increase of \$337,000. By redirecting funds in this manner, APHIS would be able to respond swiftly to unexpected emergencies that threaten the health of our nation's agricultural resources.

Those programs chosen for reduction have more program flexibility in terms of meeting eradication targets, and have the potential of attracting increased cooperator support. There is an overriding need at this time to provide APHIS with resources needed to respond promptly to emergency situations.

The Pest Detection program provides improved information on plant pests and diseases to support the competitive position of U.S. agricultural products in global markets. The competitive position of agricultural products is enhanced in three ways: 1) Effective surveys provide early detection of exotic pests soon after their introduction to a new geographic range. This allows eradication programs to prevent the permanent establishment of pests or diseases in cropping systems. 2) When U.S. phytosanitary officials possess accurate information on the presence or absence of species which are regulated in international trade, they can negotiate the most favorable positions in our trade agreements. 3) Production and protection costs of agricultural products include significant sums for pest management. Accurate and timely biological information supports decision-making which maximizes the efficiency of pest management expenditures. Computerized databases, communications networks, and advanced technologies such as global positioning systems and geographic information systems provide ways to increase the efficiency of pest surveys and management of the resulting data.

This increase will strengthen the network of Cooperative Agricultural Pest Survey (CAPS) participants by providing 45 States, Puerto Rico, and the Virgin Islands additional resources for survey and data management activities. Activities will be directed toward crops and forests which are at risk of infestation by exotic pest species and emphasize crops which lack export competitiveness because of insufficient data on the geographic range of their domestic pests. The increased funding will enable APHIS to conduct cooperative detection surveys for up to eight exotic pest species in up to 20 States, with moderate probability of detecting an infestation within 5 years of introduction. CAPS cooperators will conduct surveys, aggregate data, utilize spatial data support systems, and provide improved information to phytosanitary officials thereby enhancing the export competitiveness of agricultural products.

The program to control grasshopper and Mormon cricket infestations in the Western States has evolved into a proactive program, stressing forecasting of pest outbreaks. Due to low grasshopper populations in the past few years, the current balance of the grasshopper reserve fund

is sufficient to fund all FY 1995 program activities. After those funds have been expended, APHIS will transfer all grasshopper control activities to the States or other Federal agencies. With the proposed line-item increase in FY 1996, APHIS will continue to carry out cooperatively funded annual surveys and respond to requests from Federal land managers, State cooperators, and private land owners for technical assistance and cooperative control programs.

In FY 1996, APHIS will concentrate its efforts on survey and regulatory activities to prevent the artificial, long distance movement of Gypsy Moth (GM) life stages to uninfested areas and thereby prevent the establishment of isolated populations outside of the generally infested area. Survey activities will be reduced in the uninfested portions of the United States. In addition, APHIS will reduce its participation in cooperative programs with State agricultural inspectors to conduct inspections of non-outdoor household articles that are regulated.

Since 1977, no control substance that is registered for use on most agricultural lands has proven to be effective against the Imported Fire Ant (IFA). Since 1985, the Agency has not received any requests from States for cooperative treatment programs and States have in many cases proven themselves able to successfully eradicate small isolated infestations outside the regulated area. Areas currently regulated include: Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, North Carolina, Oklahoma, Puerto Rico, South Carolina, Tennessee, and Texas.

APHIS would eliminate the imported fire ant line item since no effective, efficient, and environmentally acceptable control agents are available. All regulatory and survey activities would be conducted by the States. APHIS will continue, under the Plant Methods and Biocontrol Laboratories line item, to evaluate the efficacy of chemical treatments of regulated articles to prevent further artificial spread of the IFA.

Appraisal surveys would be conducted on fewer infested acres, and surveys would be discontinued on acres scheduled for termination from the witchweed project in FY 1996 or on the released acres that will be terminated after 1996. APHIS would continue to provide financial and technological support to the States, which would include costs associated with spot infestations found in detection surveys. Barring a significant increase in State or industry participation, the program date for eradication would likely have to be extended beyond the current goal of FY 1997.

(3) A net decrease of \$25,356,000 for pest and disease management activities consisting of:

- (a) An increase of \$923,000 which includes \$220,000 for annualization of the FY 1995 pay raise and \$703,000 for the anticipated FY 1996 pay raise
- (b) An increase of \$1,255,000 for the increase in non-salary costs of 3.0 percent.
- (c) A decrease of \$831,000 for the reduction in Federal employment costs

In support of the Secretary's streamlining efforts and the President's Executive Order mandating a reduction in Federal employment, APHIS is reducing employment from the 1993 base.

To achieve the reduction target, APHIS will eliminate 85 staff years (5.9 percent) by the end of FY 1996:

(d) A decrease of \$943,000 for administrative efficiency.

In support of the Secretary's streamlining efforts and the President's Executive Order to reduce overhead-type outlays from the FY 1993 baseline, budget authority is reduced.

In order to achieve these administrative savings, APHIS will reduce the cost of recruitment, travel, supplies, printing and reproduction, utilities, automation, program cost accounting, training, rent, and cooperative agreements in FY 1996.

(e) A decrease of \$97,000 for FTS 2000 funding.

This decrease reflects lower long distance telecommunications prices due to price redeterminations in the FTS-2000 contracts.

(f) A decrease of \$5,378,000 for the animal damage control operations program (\$26,565,000 available in FY 1995).

In order to increase the Agency's capability to respond to small scale emergencies before they become major problems, it is proposed that APHIS' contingency fund be increased to \$20 million through an approximate 15-percent across-the-board reduction in base funding for all Pest and Disease Management programs. This program's share of the general reduction is \$3,878,000. By redirecting funds in this manner, APHIS would be able to respond swiftly to unexpected emergencies that threaten the health of our nation's agricultural resources.

Those programs chosen for reduction have more program flexibility in terms of meeting eradication targets, and have the potential of attracting increased cooperator support. There is an overriding need at this time to provide APHIS with the resources needed to respond promptly to emergency situations.

APHIS would reduce current programs involving direct control activities and would not pursue new cost-sharing initiatives. States and private entities which reap the benefits would assume greater responsibility for direct control activities to reduce wildlife damage. Animal Damage Control (ADC) would downsize its direct control and technical assistance programs by reducing the staff year allocation by 138 through the closure of Statewide ADC programs in Arizona, Colorado, Idaho, Michigan, Nebraska/South Dakota, and West Virginia. Additionally, fifteen district offices would be closed in Arkansas, Kentucky, Louisiana, Minnesota, Mississippi, Ohio, Pennsylvania, Tennessee, Vermont, Virginia, and Wisconsin. The aerial predator control program, wolf control program in Minnesota, and the blackbird hazing program in the Dakotas, would be eliminated. All remaining ADC operational programs would be reduced by an across-the-board funding cut proportional to the proposed reduction.

(g) A decrease of \$79,000 for the aquaculture program (\$493,000 available in FY 1995).

In order to increase the Agency's capability to respond to small scale emergencies before they become major problems, it is proposed that APHIS' contingency fund be increased to \$20 million through an approximate 15-percent across-the-board reduction in base funding for

all Pest and Disease Management programs. This program's share of the general reduction is \$79,000. By redirecting funds in this manner, APHIS would be able to respond swiftly to unexpected emergencies that threaten the health of our nation's agricultural resources.

Those programs chosen for reduction have more program flexibility in terms of meeting eradication targets, and have the potential of attracting increased cooperator support. There is an overriding need at this time to provide APHIS with the resources needed to respond promptly to emergency situations.

The Agency will achieve a 15-percent savings in the aquaculture program through reductions in low priority program areas.

- (h) A decrease of \$628,000 for the biocontrol (BC) program (\$3,919,000 available in FY 1995).

In order to increase the Agency's capability to respond to small scale emergencies before they become major problems, we are proposing that APHIS' contingency fund be increased to \$20 million through an approximate 15-percent across-the-board reduction in base funding for all Pest and Disease Management programs. This program's share of the general reduction is \$628,000. By redirecting funds in this manner, APHIS would be able to respond swiftly to unexpected emergencies that threaten the health of our nation's agricultural resources.

Those programs chosen for reduction have more program flexibility in terms of meeting eradication targets, and have the potential of attracting increased cooperator support. There is an overriding need at this time to provide APHIS with the resources needed to respond promptly to emergency situations.

Beginning in FY 1996, this line item will include the operational portions of the current sweetpotato whitefly (SPW) and BC line items. This includes survey, release, and establishment evaluation activities related to implementing new technologies and delivering non-chemical control methods as part of integrated pest management (IPM) strategies. The program's goal is to implement BC programs to control agricultural pests of economic importance and to implement a BC-based IPM strategy to manage the SPW.

The Agency will achieve a 15-percent savings in the biocontrol program through reductions in low priority program areas.

- (i) A decrease of \$7,105,000 for the boll weevil program (\$18,066,000 available in FY 1995).

In order to increase the Agency's capability to respond to small scale emergencies before they become major problems, we are proposing that APHIS' contingency fund be increased to 20 million through an approximate 15-percent across-the-board reduction in base funding for all Pest and Disease Management programs. This program's share of the general reduction is \$2,105,000. Another \$5,000,000, a 1995 congressional add-on, is proposed for discontinuation from boll weevil activities. By redirecting funds in this manner, APHIS would be able to respond swiftly to unexpected emergencies that threaten the health of our nation's agricultural resources.

Those programs chosen for reduction have more program flexibility in terms of meeting eradication targets, and have the potential of

attracting increased cooperator support. There is an overriding need at this time to provide APHIS with the resources needed to respond promptly to emergency situations.

The goal of the program is to eradicate the boll weevil from all the cotton-growing areas in the United States. APHIS accomplishes this goal by conducting a cooperative program to eradicate the boll weevil from the infested areas and preventing it from reinfesting the eradicated areas. In addition, APHIS conducts a cooperative suppression program to prevent the boll weevil from spreading to non-infested areas. All these programs are conducted on a cost-share basis, where the Agency pays for up to 30 percent of the program cost and the growers pay for at least 70 percent. Currently, 7 States are weevil-free, 6 States and some areas of Mexico are in the eradication process, and 4 States are waiting for program expansion into their area.

The Agency will achieve a 15-percent savings in the boll weevil program through reductions in low priority program areas.

- (j) A decrease of \$6 272,000 for the brucellosis program (\$27,754,000 available in FY 1995):

In order to increase the Agency's capability to respond to small scale emergencies before they become major problems, we are proposing that APHIS' contingency fund be increased to \$20 million through an approximate 15-percent across-the-board reduction in base funding for all Pest and Disease Management programs. This program's share of the general reduction is \$4,123,000. By redirecting funds in this manner, APHIS would be able to respond swiftly to unexpected emergencies that threaten the health of our nation's agricultural resources.

Those programs chosen for reduction have more program flexibility in terms of meeting eradication targets, and have the potential of attracting increased cooperator support. There is an overriding need at this time to provide APHIS with the resources needed to respond promptly to emergency situations.

The brucellosis eradication program is a cooperative venture in which the Federal government provides up to 60 percent of the funding and States must provide at least 40 percent. The brucellosis eradication program is operating under the industry-supported Rapid Completion Plan (RCP). The RCP proposes to accelerate depopulation, State program technical reviews, surveillance, adult vaccination, increased training in high incidence States, and the use of local task forces for area testing.

The success of the eradication program is significant. Nationwide there are 33 States, plus the District of Columbia, Puerto Rico, and the U.S. Virgin Islands, in Class "Free" status, and 17 States in Class "A" status. The number of herds under quarantine continues to decrease. At the end of FY 1994, there were 172 herds under quarantine for brucellosis, compared to 283 herds at the end of FY 1993, and 415 herds at the end of FY 1992.

The Agency will achieve a 15-percent savings in the brucellosis program through reductions in low priority program areas.

- (k) A decrease of \$733,000 for the cattle tick program (\$4,574,000 available in FY 1995).

In order to increase the Agency's capability to respond to small scale emergencies before they become major problems, we are proposing that APHIS' contingency fund be increased to \$20 million through an approximate 15-percent across-the-board reduction in base funding for all Pest and Disease Management programs. This program's share of the general reduction is \$733,000. By redirecting funds in this manner, APHIS would be able to respond swiftly to unexpected emergencies that threaten the health of our nation's agricultural resources.

Those programs chosen for reduction have more program flexibility in terms of meeting eradication targets, and have the potential of attracting increased cooperator support. There is an overriding need at this time to provide APHIS with the resources needed to respond promptly to emergency situations.

The cattle tick fever program is a cooperative State-Federal-industry effort designed to prevent the reestablishment of the tropical cattle tick Boophilus microplus and the southern cattle tick B. annulatus in the United States. The program is concentrated along the Texas-Mexico border, where the Rio Grande river serves as a natural barrier. Animal health inspectors conduct systematic patrols and inspections on horseback, in the permanent quarantine zone along the border. In addition, all livestock crossing the border and entering or leaving the quarantine zone are examined and treated for ticks to eliminate the risk of cattle ticks becoming established in the United States. In recent years, the number of infested premises under quarantine has remained relatively level. This is most likely due to reinfestation as a result of the movement of wildlife, especially exotic game and white-tailed deer. New eradication technology is being tested to solve this problem and is expected to be incorporated into the program as soon as it is available. As a result of this new technology, APHIS will eventually be able to reduce the number of tick inspections and inspectors in this program.

- (l) A decrease of \$1,003,000 for the plant pest management program (\$5,511,000 available in FY 1995).

In order to increase the Agency's capability to respond to small scale emergencies before they become major problems, we are proposing that APHIS' contingency fund be increased to \$20 million through an approximate 15-percent across-the-board reduction in base funding for all Pest and Disease Management programs. This program's share of the general reduction is \$903,000. In addition, APHIS will reduce golden nematode activities by an additional \$100,000. By redirecting funds in this manner, APHIS would be able to respond swiftly to unexpected emergencies that threaten the health of our nation's agricultural resources.

Those programs chosen for reduction have more program flexibility in terms of meeting eradication targets, and have the potential of attracting increased cooperator support. There is an overriding need at this time to provide APHIS with the resources needed to respond promptly to emergency situations.

For golden nematode, APHIS will continue working with New York State officials and the Cornell University Cooperative Extension Service to develop a program which will result in the planting of resistant potato

varieties on exposed as well as regulated properties. The management program includes crop rotation, cultural practices, and the use of golden nematode resistant potato varieties. This should result in a significantly reduced number of new infestations. As growers succeed in eliminating infestations, the need for surveys in New York State will diminish.

Many previously golden nematode infested farms have been converted to residential and commercially developed properties within the regulated areas. Most of these properties no longer present risk and will be removed from the list of infested property. APHIS, in conjunction with State regulatory officials, is also reviewing the list of infested properties to remove those properties where potatoes will no longer be grown. Survey activities of the properties removed will be turned over to the State. In addition, APHIS will not test any of the soil samples collected by the State for golden nematode.

In 1994, APHIS produced 1.2 billion pink bollworm sterile moths at the moth rearing facility in Phoenix, Arizona. The new rearing facility produced at 1.5 times the capacity of the old facility. The pupal collection was at the highest level ever. The moth collection efficiency improved 3 percent over the old facility. Production in the new facility began in January 1994 with movement of equipment from the old facility completed in January 1995. With the movement of equipment completed, the new facility should realize new increases in moth production efficiency. In addition, the demonstration project in the Imperial/Coachella Valley was terminated at the end of 1994.

Savings will result from increased production efficiency in the new facility. With the new facility working at partial capacity during 1994, APHIS realized increased production of sterile moths and moth collection efficiency. In addition, resources from the demonstration project will be allocated to assist in other pink bollworm activities.

In FY 1996, APHIS will concentrate its gypsy moth efforts on survey and regulatory activities to prevent the artificial, long distance movement of gypsy moth life stages to uninfested areas and thereby prevent the establishment of isolated populations outside of the generally infested area. APHIS will not conduct control, eradication, or containment programs for gypsy moth.

APHIS will eliminate the control efforts directed at hydrilla in the Imperial Valley of California. The Imperial irrigation district is now producing fish to control the hydrilla and this program has technically been completed.

- (m) A decrease of \$1,700,000 for the pseudorabies eradication program (\$4,539,000 available in FY 1995).

In order to increase the Agency's capability to respond to small scale emergencies before they become major problems, we are proposing that APHIS' contingency fund be increased to \$20 million through an approximate 15-percent across-the-board reduction in base funding for all Pest and Disease Management programs. This program's share of the general reduction is \$547,000. By redirecting funds in this manner, APHIS would be able to respond swiftly to unexpected emergencies that threaten the health of our nation's agricultural resources.

Those programs chosen for reduction have more program flexibility in terms of meeting eradication targets, and have the potential of attracting increased cooperator support. There is an overriding need at this time to provide APHIS with the resources needed to respond promptly to emergency situations.

APHIS fully supports this cooperative State-Federal-industry program to eradicate pseudorabies. Program expertise attained by the States and industry will provide a greater share of program support. The increased role in the program that certain States have adopted, and past program successes will enable the Agency to make progress toward eventual eradication.

APHIS will continue to provide direct support for local programs to eradicate pseudorabies at a reduced level. The Agency will continue to provide national program coordination, technical advice, regulatory assistance, public information, and recordkeeping.

The Agency will achieve a 15-percent savings in the pseudorabies eradication program through reductions in low priority program areas.

- (n) A decrease of \$799,000 for scrapie eradication activities (\$2,967,000 available in FY 1995).

In order to increase the Agency's capability to respond to small scale emergencies before they become major problems, we are proposing that APHIS' contingency fund be increased to \$20 million through an approximate 15-percent across-the-board reduction in base funding for all Pest and Disease Management programs. This program's share of the general reduction is \$415,000. By redirecting funds in this manner, APHIS would be able to respond swiftly to unexpected emergencies that threaten the health of our nation's agricultural resources.

Those programs chosen for reduction have more program flexibility in terms of meeting eradication targets, and have the potential of attracting increased cooperator support. There is an overriding need at this time to provide APHIS with the resources needed to respond promptly to emergency situations.

The program goal is to reduce the incidence and control the spread of scrapie in sheep and goats. In FY 1993, APHIS implemented the voluntary scrapie flock certification program (VSFCP), which calls for the gradual development of flocks that are certified to be scrapie free, with participating flocks progressing through four classes over time. The VSFCP also contains provisions to prevent the disease's introduction into scrapie-free flocks and to restrict the interstate movement of animals from infected flocks and source flocks. APHIS enforces these restrictions to assure that flock owners comply with VSFCP guidelines. In FY 1993, 28 flocks were enrolled in the VSFCP and no infected sheep were found in these flocks; as of December 31, 1994, an additional 48 flocks have been enrolled in FY 1994, bringing the total to 76 flocks in 21 States since the program began. However, APHIS estimated at the beginning of the program that almost 180 flocks would be enrolled. Because of this low level of participation, a reduced level of field activities will be required to efficiently conduct the program in FY 1996.

APHIS would continue activities associated with the VSFCP and its promotion. These activities would consist of inspections and consistent involvement with participating flocks; participation in

industry meetings; and distribution of program material such as fact sheets and the Livestock Conservation Institute's quarterly Scrapie progress report.

The Agency will achieve a 15-percent savings in the scrapie through reductions in low priority program areas.

- (o) A decrease of \$86,000 for the Tropical Bont Tick program, (\$537,000 available in FY 1995):

In order to increase the Agency's capability to respond to small scale emergencies before they become major problems, we are proposing that APHIS' contingency fund be increased to \$20 million through an approximate 15-percent across-the-board reduction in base funding for all Pest and Disease Management programs. This program's share of the general reduction is \$86,000. By redirecting funds in this manner, APHIS would be able to respond swiftly to unexpected emergencies that threaten the health of our nation's agricultural resources.

Those programs chosen for reduction have more program flexibility in terms of meeting eradication targets, and have the potential of attracting increased cooperator support. There is an overriding need at this time to provide APHIS with the resources needed to respond promptly to emergency situations without adding to the deficit.

An action plan, developed by Foreign Agricultural Organization, Inter-American Institute for Cooperation on Agriculture (IICA), and the Caribbean Community (Caricom), currently calls for a 5-year program: 1-year of survey work, two years of eradication, and another two for post-eradication. The eradication program may be extended for an additional year. The program is currently in the preparatory phase which includes surveys, the purchase of required equipment and supplies, training, information campaigns, and related activities. APHIS' role in the cooperative program is to provide technical expertise, program input, and funding through a cooperative agreement with IICA. FY 1994 was the first year of APHIS participation.

Total costs for the cooperative program are approximately \$29.5 million. Caribbean governments will provide approximately \$10 million in cash and in-kind contributions with donor countries and international organizations providing the remaining \$19.5 million. The European Union will fund Tropical Bont Tick eradication on islands of the French Overseas Department.

- (p) A decrease of \$880,000 for the tuberculosis eradication program (\$5,494,000 available in FY 1995):

In order to increase the Agency's capability to respond to small scale emergencies before they become major problems, we are proposing that the APHIS' contingency fund be increased to \$20 million through an approximate 15-percent across-the-board reduction in base funding for all Pest and Disease Management programs. This program's share of the general reduction is \$880,000. By redirecting funds in this manner, APHIS would be able to respond swiftly to unexpected emergencies that threaten the health of our nations's agricultural resources.

Those programs chosen for reduction have more program flexibility in terms of meeting eradication targets, and have the potential of attracting increased cooperator support. There is an overriding need

at this time to provide APHIS with the resources needed to respond promptly to emergency situations.

At the beginning of FY 1995, 42 States and the U.S. Virgin Islands were in tuberculosis accredited-free status. Eight States including California, Kansas, Pennsylvania, New Mexico, North Carolina, Oklahoma, Texas, and Virginia were in modified accredited status. The tuberculosis eradication program has successfully reduced the prevalence of bovine tuberculosis from 5 percent in 1917 to an estimated 0.0004 percent today. As the infection rate decreases, the need for herd depopulation becomes irregular, making specific funding needs difficult to accurately predict.

Program activities will include payment of indemnities for cattle that test positive at slaughter; reactors from infected herds; and exposed animals sold from infected herds before the infection became evident and then traced to new herds.

The Agency will achieve a 15-percent savings in the tuberculosis eradication program through reductions in low priority program areas.

(4) A net decrease of \$66,000 for animal care activities, consisting of:

- (a) An increase of \$95,000 which includes \$18,000 for annualization of the FY 1995 pay raise and \$77,000 for the anticipated FY 1996 pay raise.
- (b) An increase of \$77,000 for the increase in non-salary costs of 3.0 percent.
- (c) A decrease of \$167,000 for the reduction in Federal employment costs.

In support of the Secretary's streamlining efforts and the President's Executive Order mandating a reduction in Federal employment, APHIS is reducing employment from the 1993 base.

To achieve the reduction target, APHIS will eliminate 2 staff years (1.1 percent) by the end of FY 1996.

- (d) A decrease of \$60,000 for administrative efficiency.

In support of the Secretary's streamlining efforts and the President's Executive Order to reduce overhead-type outlays from the FY 1993 baseline, budget authority is reduced.

In order to achieve these administrative savings, APHIS will reduce the cost of recruitment, travel, supplies, printing and reproduction, utilities, automation, program cost accounting, training, rent, and cooperative agreements in FY 1996.

- (e) A decrease of \$11,000 for FTS 2000 funding.

This decrease reflects lower long distance telecommunications prices due to price redeterminations in the FTS-2000 contracts.

(5) A net decrease of \$368,000 for scientific and technical services activities consisting of:

- (a) An increase of \$642,000 which includes \$111,000 for annualization of the FY 1995 pay raise and \$531,000 for the anticipated FY 1996 pay raise.

- (b) An increase of \$747,000 for the increase in non-salary costs of 3.0 percent.
- (c) A decrease of \$694,000 for the reduction in Federal employment costs.

In support of the Secretary's streamlining efforts and the President's Executive Order mandating a reduction in Federal employment, APHIS is reducing employment from the 1993 base.

To achieve the reduction target, APHIS will eliminate 9 staff years (1.3 percent) by the end of FY 1996.

- (d) A decrease of \$581,000 for administrative efficiency.

In support of the Secretary's streamlining efforts and the President's Executive Order to reduce overhead-type outlays from the FY 1993 baseline, budget authority is reduced.

In order to achieve these administrative savings, APHIS will reduce the cost of recruitment, travel, supplies, printing and reproduction, utilities, automation, program cost accounting, training, rent, and cooperative agreements in FY 1996.

- (e) A decrease of \$61,000 for FTS 2000 funding.

This decrease reflects lower long distance telecommunications prices due to price redeterminations in the FTS-2000 contracts.

- (f) An increase of \$536,000 for the integrated systems acquisition project (ISAP) (\$3,498,000 available in FY 1995).

APHIS is evaluating contract proposals for the development and implementation of a computer information system that will enable the Agency to provide accurate and timely program and administrative information. This initiative is designed to replace the Agency's current mixture of incompatible, antiquated computer systems. The anticipated contract award is set for early FY 1995.

The ISAP initiative will improve program delivery and administration by integrating the needs of the different functional units into a shared data environment. The requirements and benefits of the new computer architecture include: a single consistent graphical user interface for access to all information and computing resources; the ability to transparently share information among users; the ability to easily share information among APHIS sites; and, the capability to manage the Agency's information resources.

APHIS will start implementing the new system's software, hardware, and communications equipment in the operational APHIS environment. Initial sites will include strategic locations with a wide range of complexity and uses.

Increased funding will be used for the expansion and the installation of wide-area data communications circuits and hubs.

- (g) A decrease of \$957,000 for activities that will be covered under the plant methods and biocontrol laboratories line item (PMBL) in FY 1996 (\$11,029,000 available in FY 1995).

In order to increase the Agency's capability to respond to small scale emergencies before they become major problems, we are proposing that APHIS' contingency fund be increased to \$20 million through an approximate 15-percent across-the-board reduction in base funding for all Pest and Disease Management programs. This program's share of the general reduction is \$957,000. By redirecting funds in this manner, APHIS would be able to respond swiftly to unexpected emergencies that threaten the health of our nation's agricultural resources.

Those programs chosen for reduction have more program flexibility in terms of meeting eradication targets, and have the potential of attracting increased cooperator support. There is an overriding need at this time to provide APHIS with the resources needed to respond promptly to emergency situations.

Beginning in FY 1996, the new PMBL line item will include the current Plant Methods Development Laboratories line item and the scientific and technical portions of the current Sweetpotato Whitefly (SPW) and Biocontrol line items. PMBL will develop and advance new and existing operational technologies for plant pest exclusion, detection, suppression, and control for APHIS and its stakeholders in a cooperative efforts with Federal and State agencies.

The Agency will achieve a 15-percent savings in the biocontrol laboratories line item through reduction in low priority program areas.

(6) A net increase of \$15,048,000 for the contingency fund consisting of:

- (a) An increase of \$5,000 which includes \$1,500 for annualization of the FY 1995 pay raise and \$3,500 for the anticipated FY 1996 pay raise.
- (b) An increase of \$152,000 for an increase in non-salary costs of 3.0 percent.
- (c) A decrease of \$152,000 for administrative efficiency.

In support of the Secretary's streamlining efforts and the President's Executive Order to reduce overhead-type outlays from the FY 1993 baseline, budget authority is reduced.

In order to achieve these administrative savings, APHIS will reduce the cost of recruitment, travel, supplies, printing and reproduction, utilities, automation, program cost accounting, training, rent, and cooperative agreements in FY 1996.

- (c) A decrease of \$19,000 for FTS 2000 reduction.

This decrease reflects lower long distance telecommunications prices due to price redeterminations in the FTS-2000 contracts.

- (d) An increase of \$15,062,000 for the contingency fund (\$4,934,000 available in FY 1995).

The contingency fund has increasingly been used to combat both small and intermediate scale emergency disease outbreaks. The beginning FY 1994 contingency fund balance of \$7 million was reduced to \$1 million due to emergency needs to combat Asian and European gypsy moths, E. Coli:O157, canine rabies, chrysanthemum white rust, pine shoot beetle, potato diseases, and tropical bont ticks.

Additionally, the Agency is seeking to eliminate emergency funds transferred from the Commodity Credit Corporation (CCC) to combat consistently recurring pest and disease outbreaks. Over the last several years, the Agency has averaged approximately \$14 million per year in CCC fund transfers.

Funds would be used for emergency plant and animal disease outbreaks. Funding at this level would allow the Agency to use annual appropriated funds to combat these outbreaks rather than CCC fund transfers.

Animal and Plant Health Inspection Service (APHIS)
Proposed Activity Shift to New Line Items

Introduction:

APHIS proposes to establish a new budget line item structure for plant health and international activities that more accurately describes funding based on the functions performed. Currently, the line items involving plant diseases or pests, and international activities represent either a specific pest or disease, a prevention or control program, or technical support (ie., methods development). The proposed functional budget would provide for consistent pest and disease exclusion, plant and animal health monitoring, pest and disease management, and scientific and technical services without direct links to traditional pest or disease control programs. The structure would allow for continued survey and monitoring after eradication activities are completed. This budget restructure is similar to the restructure of animal health activities that became effective in Fiscal Year 1994. The animal health budget restructure was fully supported by the Department, the Office of Management and Budget, and Congress.

Proposal

APHIS will maintain the capability for consistent exclusion, monitoring, management, and technical services without direct ties to traditional pest or disease control programs. The proposed line items will include all or portions of the traditional plant disease or pest and international program line item activities. The proposed functional budget would restructure 17 current line items into 7 functional line items as follows:

The new structure will establish four new line items:

- The fruit fly management line item will combine the international control and eradication activities of the Mediterranean Fruit Fly and Mexican Fruit Fly program line items. These activities are conducted primarily in Mexico and Guatemala.
- The plant pest survey line item will combine the domestic survey and detection activities in the current fruit fly detection, plant pest detection, grasshopper, gypsy moth, miscellaneous plant pests, honey bee pests, imported fire ant, noxious weeds, pink bollworm, and witchweed program line items.
- The plant pest management line item will include all activities in the current golden nematode program line item; operation of the Mediterranean fruit fly rearing facility in Hawaii; rearing and control activities to prevent the Mexican fruit fly from becoming established in the lower Rio Grande valley of Texas and expanding into other citrus growing States; and the regulatory and control portions of the gypsy moth, noxious weeds, and pink bollworm program line items. No grasshopper control activity is included. Should grasshopper control be necessary, funding would be sought through other funding mechanisms which include use of contingency funds or reprogramming.
- The plant methods and biocontrol laboratories line item will include the current plant methods development line item and the scientific and technical portions of the sweetpotato whitefly and biocontrol program line items.

The proposed structure will retain three line items but with some modifications. They are as follows:

- Foot and Mouth Disease (FMD) Control and Eradication will contain the portion of the current line item related to eradicating FMD from Colombia and participating in the hemispheric eradication efforts.
- International Programs will include the survey, detection, and prevention activities as well as the new and increasingly important area of technical assistance to support U.S. agricultural trade. Included in this new line item will be all of the current international programs line item as well as those portions of the Foot and Mouth disease, Mediterranean Fruit Fly, Mexican Fruit Fly, Plant Pest Detection, and Miscellaneous Plant Pest line items.
- Biocontrol will include the survey, release, and establishment evaluation portions of the current sweetpotato whitefly and biocontrol program line items. This is the operational portion of the program and should remain separate from the scientific and technical activities.

Functions of New Line Items

The fruit fly management activities will be aimed at eliminating and/or controlling these pests in foreign countries where there is a serious threat to U.S. agriculture. These are cooperative efforts to eradicate all Mediterranean Fruit Fly outbreaks in Mexico and Belize, and above the 16 degree parallel in Guatemala. Additionally, control activities for the Mexican Fruit Fly are conducted in areas in Mexico adjacent to fruit producing areas in the United States.

The plant pest survey program will provide early detection of exotic plant pests to prevent sustained infestations, and will monitor the effectiveness of plant pest management programs. The objectives will be to conduct surveys that will effectively detect new infestations of exotic pests before they become established; to fully support post-eradication activities to maintain program accomplishments; and to facilitate the entry of U.S. agricultural products into international markets.

The plant pest management program will conduct control and/or regulatory activities necessary to eliminate or restrict the economic and environmental damage caused by specific plant pests. The objectives of regulatory activities will be to perform certification inspections of regulated articles and to conduct public information/education activities to prevent the spread of plant pests through artificial movement. The objectives of control activities will be to support pest management, suppression, and/or eradication programs to reduce or eliminate the economic impact of a pest using the most effective and environmentally acceptable control strategy.

The plant methods and biocontrol laboratories will develop and advance new and existing operational technologies for plant pest exclusion, detection, suppression, and control for APHIS and its stakeholders in a cooperative effort with Federal and State agencies. Included is the rearing of natural enemies to support the development of operational technologies as part of the overall biocontrol integrated pest management strategies. The objectives will be to develop technically sound management systems to support rearing facilities, to develop experimental systems and conduct field trials that allow for impact and economic evaluation of technologies for controlling unwanted pests and diseases, and to transfer this technology to the state and private sector.

Functions of Modified Line Items

The foot and mouth disease control and eradication program will consist of activities to continue to eradicate this disease from Colombia and participate in the hemispheric eradication efforts.

The international program activities will include both traditional pest and disease detection and surveillance activities and technical trade support functions as follows:

- provide technical information and support and infrastructure development assistance to U.S. trading partners;
- participate in and maintain Agency linkages with global and regional international organizations;
- provide on-site verification and oversight of preclearance programs and future disease/pest free areas;
- obtain information on phytosanitary and zoosanitary regulations and requirements for use by APHIS in export certification;
- provide technical assistance, coordination and support for Agency and Department bilateral meetings;
- assist Foreign Agriculture Service, U.S. Trade Representative, U.S. ambassadors, and U.S. agricultural export groups with technical information to overcome non-tariff trade barriers;
- maintain technical expertise in countries that are major agricultural trading partners and which are potential sources of economically significant agricultural pests and diseases;
- conduct field investigations, make laboratory sample collections, and provide diagnostic laboratory data interpretation;
- monitor epidemiological pest and disease trends and conduct or participate in risk analysis for specific plant and animal commodities.

The biocontrol program activities will include the field delivery portion of the current sweetpotato whitefly and biocontrol program line items. This is the operational portion of the programs related to implementing new technologies and delivering non-chemical control methods as part of integrated pest management strategies.

Changes to the line items are shown on the enclosed tables. Both current and new (functional) line items are shown in the first column. Negative numbers indicate the amount removed from a current line item and placed in a new or modified line item. When reading across, the column in which a number appears is the name of the new or modified line item affected. Positive numbers indicate the amount added to a new or modified line item. The net effect in most cases is zero. Also attached, is a project statement which shows the APHIS budget under the current structure.

Line Item Structure
FY 1994 Crosswalk Table
(Dollars in Thousands)

Program	FY 1994 Actual	International Programs	Fruit Fly Management	Biocontrol Delivery	Plant Pest Survey	Plant Pest Management	Plant Methods & Biocontrol Labs	FY 1994 Revised
PEST AND DISEASE EXCLUSION								
Foot and mouth disease	4 066	(2,159)						1,907
Fruit Fly Management	0		7,927					7,927
International programs	5,154	3,284						8,438
Mediterranean fruit fly	10,395	(686)	(6,850)			(2,859)		0
Mexican fruit fly	2,072	(311)	(1,077)			(684)		0
Other	160,442							160,442
Subtotal: Exclusion	182,125	128	0			(3,543)		178,714
PLANT AND ANIMAL HEALTH MONITORING								
Fruit fly detection	3,899				(3,899)			0
Pest detection	3,538				(3,538)			0
Plant pest survey	0				22,292			22,292
Other	68,881							68,881
Subtotal: Monitoring	76,318				14,855			91,173
PEST AND DISEASE MANAGEMENT								
Biocontrol	8,126			1,858			(3,796)	6,188
Golden nematode	646					(646)		0
Grasshopper	0							0
C. os, mom	5,287				(4,692)	(595)		0
Honeybee pests	381				(381)			0
Imported fire ant	2,707				(2,707)			0
Misc. plant pest diseases	2,006	(128)			(1,878)			0
Noxious weeds	506				(427)	(79)		0
Pink bollworm	2,401				(684)	(1,717)		0
Plant Pest Management	0					6,580		6,580
Sweet potato whitefly	3,460			(1,858)			(1,602)	0
Witchweed	4,086				(4,086)			0
Other	87,077							87,077
Subtotal: Management	116,683	(128)		0	(14,855)	3,543	(5,400)	99,843
ANIMAL CARE								
Subtotal: Animal care	9,756							9,756
SCIENTIFIC AND TECHNICAL SERVICES								
Plant methods and Biocontrol laboratories	5,199						3,400	10,599
Other	45,902							45,902
Subtotal: Scientific and Technical Services	51,101						3,400	56,501
Contingency	2,758							2,758
Transfers	(541)							(541)
Total Available	436,204	0	0	0	0	0	0	436,204

Line Item Structure
FY 1995 Crosswalk Table
(Dollars in Thousands)

[illegible]

	FY 1996 Request	International Programs	Fruit Fly Management	Biocontrol Delivery	Plant Pest Survey	Plant Pest Management	Plant Methods & Biocontrol Labs	FY 1996 Revised
PEST AND DISEASE EXCLUSION:								
Foot and mouth disease	4.027	(2,139)						1,888
Fruit fly Management	0		7,809					7,809
International programs	6,122	3,847						9,769
Mediterranean fruit fly	10,114	(668)	(6,665)			(2,781)		0
Mexican fruit fly	2,193	(322)	(1,144)			(727)		0
Other	165,696							165,696
Subtotal Exclusion	188,152	518	0			(3,508)		185,162
PLANT AND ANIMAL HEALTH MONITORING								
Fruit fly detection	3,937				(3,937)			0
Pest detection	4,586	(421)			(4,165)			0
Plant pest survey	0				18,721			18,721
Other	65,131							65,131
Subtotal Monitoring	73,654	(421)			10,619			83,852
PEST AND DISEASE MANAGEMENT:								
Biocontrol	6,290			1,082			(4,083)	3,289
Golden nematode	435					(435)		0
Grasshopper	2,524				(2,524)			0
Gypsy moth	4,367				(4,367)			0
Honeybee pests	0				0			0
Injurious fire ant	0				0			0
Medicinal plant/disease	1,516	(97)			(1,419)			0
Noxious weeds	338				(338)			0
Pink bollworm	901				(308)	(593)		0
Plant Pest Management	0					4,536		4,536
Sweet potato whitefly	2,012			(1,082)			(930)	0
Witchweed	1,663				(1,663)			0
Other	67,239							67,239
Subtotal Management	87,285	(97)		0	(10,619)	3,508	(5,013)	75,084
ANIMAL CARE:								
Subtotal Animal care	9,548							9,548
SCIENTIFIC AND TECHNICAL SERVICE								
Plant methods and Biocontrol laboratories	5,084						5,013	10,097
Other	46,574							46,574
Subtotal Services	51,658						5,013	56,671
Contingency	19,982							19,982
Total Available	430,279	0	0	0	0	- 0	0	430,279

PROJECT STATEMENT - CURRENT LAW
(On Basis of Adjusted Appropriation)
CURRENT LINE STRUCTURE

Project	1994 Actual		1995 Estimated		Increase or Decrease	1996 Estimated	
	Amount	Staff- Years	Amount	Staff- Years		Amount	Staff- Years
1. Pest and disease exclusion:							
(a) Agricultural quarantine inspection (Appropriated).....	\$24,306,521	598	\$25,016,000	618	-102,000	\$24,914,000	618
(b) Agricultural quarantine inspection (User Fees).....	97,856,000	1,604	96,660,000	1,872	3,594,000	100,254,000	1,954
(c) Foot-and-mouth disease.....	4,066,003	11	3,991,000	10	36,000	4,027,000	11
(d) Import-Export inspection.....	7,096,775	91	6,528,000	89	31,000	6,559,000	89
(e) International programs.....	5,154,065	50	5,100,000	49	22,000	6,122,000	50
(f) Mediterranean fruit fly.....	10,395,034	73	10,079,000	70	35,000	10,114,000	72
(g) Mexican fruit fly.....	2,072,018	25	2,153,000	26	40,000	2,193,000	25
(h) Screwworm.....	31,182,042	91	33,996,000	85	-27,000	33,969,000	83
Total, Pest and Disease Exclusion.....	182,128,458	2,543	184,523,000	2,819	3,629,000	188,152,000	2,902
2. Plant and animal health monitoring:							
(a) Animal health monitoring and surveillance.....	62,922,912	655	59,324,000	643	-48,000	59,276,000	640
(b) Animal and plant health regulatory enforcement.....	5,958,354	129	5,859,000	117	-4,000	5,855,000	117
(c) Fruit fly detection.....	3,898,849	51	3,919,000	50	18,000	3,937,000	51
(d) Pest detection.....	3,538,017	53	4,202,000	58	384,000	4,586,000	65
Total, Plant and animal health monitoring.....	76,318,132	888	73,304,000	868	350,000	73,654,000	873
3. Pest and disease management:							
(a) Animal damage control operations.....	26,216,098	521	26,566,000	482	-6,269,000	20,297,000	344
(b) Aquaculture.....	-	-	493,000	6	-80,000	413,000	6
(c) Biological control.....	5,851,842	114	7,497,000	124	-1,207,000	6,290,000	124
(d) Boll weevil.....	15,383,026	95	18,066,000	96	-7,050,000	11,016,000	95
(e) Brucellosis.....	28,190,941	255	27,754,000	197	-6,174,000	21,580,000	153
(f) Cattle ticks.....	4,492,860	135	4,574,000	104	-737,000	3,837,000	101
(g) Golden nematode.....	645,698	13	615,000	12	-180,000	435,000	11
(h) Grasshopper and Mormon cricket.....	-	55	-	34	2,524,000	2,524,000	33
(i) Gypsy moth.....	5,287,245	104	5,172,000	101	-805,000	4,367,000	96
(j) Honeybee pests.....	380,973	8	-	-	-	-	-
(k) Imported fire ant.....	2,707,238	-	1,500,000	-	-1,500,000	-	-
(l) Miscellaneous plant diseases.....	2,006,421	39	1,986,000	31	-470,000	1,516,000	29
(m) Noxious weeds.....	506,027	3	404,000	3	-66,000	338,000	3
(n) Pink bollworm.....	2,401,264	18	1,068,000	17	-167,000	901,000	15
(o) Pseudorabies.....	5,225,783	33	4,539,000	40	-1,676,000	2,863,000	32
(p) Russian wheat aphid.....	2,274,106	12	-	-	-	-	-
(q) Scrapie.....	2,240,304	32	2,967,000	25	-795,000	2,172,000	21
(r) Sweet potato whitefly.....	3,460,148	47	2,398,000	30	-386,000	2,012,000	21
(s) Tropical bont tick.....	-	-	537,000	3	-85,000	452,000	3
(t) Tuberculosis.....	5,326,911	56	5,494,000	60	-885,000	4,609,000	56
(u) Witchweed.....	4,086,032	32	1,974,000	17	-311,000	1,663,000	16
Total, Pest and disease management.....	116,682,917	1,572	113,604,000	1,382	-26,319,000	87,285,000	1,162
4. Animal care:							
(a) Animal welfare.....	9,297,451	177	9,252,000	171	-67,000	9,185,000	170
(b) Horse protection.....	458,354	6	352,000	6	1,000	363,000	6
Total, Animal care.....	9,755,805	183	9,614,000	177	-66,000	9,548,000	176
5. Scientific and technical services:							
(a) Animal damage control methods development.....	9,731,358	125	9,672,000	119	-7,000	9,665,000	119
(b) Biotechnology/ environmental protection.....	7,776,874	92	7,683,000	98	-6,000	7,677,000	98
(c) Integrated systems acquisition project.....	2,829,246	17	3,498,000	17	557,000	4,055,000	20

Project	1994 Actual		1995 Estimated		Increase or Decrease	1996 Estimated	
	Amount	Staff- Years	Amount	Staff- Years		Amount	Staff- Years
(d) Plant methods development laboratories.....	5,199,223	191	5,053,000	105	31,000	5,084,000	106
(e) Veterinary biologics.....	10,486,199	191	10,360,000	184	32,000	10,392,000	185
(f) Veterinary diagnostics.....	15,078,352	173	14,797,000	171	-12,000	14,785,000	171
Total, Scientific and technical services.....	51,101,252	789	51,063,000	694	595,000	51,658,000	699
6. Contingencies: plant and animal diseases and pests.....	2,758,000	-	4,934,000	25	15,048,000	19,982,000	60
7. Transfer to the Office of the Secretary.....	-141,000	-	-	-	-	-	-
Transfer to Food Safety and Inspection Service.....	-400,000	-	-	-	-	-	-
Unobligated balance available start-of-year.....	-16,124	-	-	-	-	-	-
Unobligated balance available end-of-year.....	10,355	-	-	-	-	-	-
Unobligated balance expiring.....	1,315	-	-	-	-	-	-
Total, Available or estimate, salaries and expenses.....	438,199,150	5,975	437,042,000	5,965	-6,763,000	430,279,000	5,872
8. CCC transfer (Asian gypsy moth & fruit fly).....	19,628,486	182	7,380,500	-	-7,380,500	-	-
9. From FCS for cattle tick.....	12,472,000	35	a)12,472,000	35	-12,472,000	-	-
10. Advances and Reimbursements:							
(a) Federal.....	6,402,124	67	5,350,000	65	-57,000	5,293,000	64
(b) Non-Federal.....	33,304,876	241	31,783,470	269	2,080,530	33,864,000	270
Total, Advances and Reimbursements.....	39,707,000	308	37,133,470	334	2,023,530	39,157,000	334
Total, Available or estimate, Salaries and Expenses.....	510,006,636	6,500	494,027,970	6,334	-24,591,970	469,436,000	6,206
Transfers to:							
Food Safety and Inspection Service.....	400,000	-	6,184,000	-	-	-	-
Office of Communications.....	-	-	114,000	-	-	-	-
EEO Consolidation.....	-	-	311,000	-	-	-	-
Office of the Secretary.....	141,000	-	-	-	-	-	-
Total Appropriation, Salaries and Expenses.....	438,740,150	-	443,651,000	-	-	430,279,000	-

a) A request has been submitted to the Congress to rescind \$2,900,000 for the FCS transfer for cattle ticks.

No-Year and Emergency Programs

Project	1994 Actual	1995 Carry-Over	1995 Appropriated	1995 Available
Animal Damage Control	5,632,000	1,032,512	-	1,032,512
Boll Weevil	15,382,283	889,478	18,066,000	18,955,479
Grasshopper/Mormon Cricket Reserve Fund	6,038,103	7,229,449	-	7,229,449
10% of Screwworm	3,592,777	898,371	3,399,600	4,297,971
Contingency Fund	2,758,310	4,266,352	4,934,000	9,200,352
Fruit Flies	15,988,615	2,144,736	7,380,500	9,525,236
Asian Gypsy Moth	3,416,000	1,841,149	-	1,841,149
ISAP	2,828,010	2,509,000	3,498,000	6,007,000
Total	55,636,098	20,811,047	37,278,100	58,089,148

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

Summary of Proposed Legislation

SUMMARY OF INCREASES AND DECREASES - PROPOSED LEGISLATION

	1996		
	<u>Current Law</u>	<u>Program Changes</u>	<u>President's Request</u>
Animal welfare inspection fees.....	\$9,185,000	-\$3,703,000	\$5,482,000
Veterinary biologics user fees.....	10,392,000	-3,500,000	6,892,000
Biotechnology user fees.....	7,677,000	-1,000,000	6,677,000
All other.....	<u>403,025,000</u>	<u>--</u>	<u>403,025,000</u>
Total Available.....	<u>\$430,279,000</u>	<u>-\$8,203,000</u>	<u>\$422,076,000</u>

Explanation of Proposed Legislation

Animal Welfare - The proposed legislation would permit APHIS to credit fees collected from entities and/or individuals regulated under the Animal Welfare Act (AWA) to the accounts that incur the costs and to remain available until expended without fiscal year limitation. APHIS will also seek authority to impose fees on facilities and establishments required to be registered under the AWA but which are not currently subject to a fee. The latter category includes research facilities, carriers, and in-transit handlers of animals. This proposal shifts the cost to the direct beneficiary of the program.

Veterinary biologics user fees - The proposed legislation would permit the collection of user fees for veterinary biologics licensing, inspection, and testing activities and would allow fees collected for veterinary biologics services to be credited to the accounts which incur the costs and remain available until expended without fiscal year limitation. This proposal shifts the cost to the direct beneficiary of the program.

Biotechnology user fees - The proposed legislation would permit APHIS to collect fees from industries licensed under the Virus-Serum-Toxin Act (VSTA) and authorized for field tests, movements, and importation of biotechnologically derived products under the Federal Plant Pest Act and the Plant Quarantine Act. This legislation would permit fees collected for biotechnology permits to be credited to the accounts that incur the costs and remain available until expended without fiscal year limitation. This proposal shifts the cost to the direct beneficiary of the program.

Animal and Plant Health Inspection Service
Geographic Breakdown of Obligations and Staff-Years
1994 Actual and Estimated, 1995 and 1996

	<u>1994</u>		<u>1995</u>		<u>1996</u>	
	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>
Alabama.....	\$4,171,345	42	\$4,990,000	42	\$4,893,000	41
Alaska.....	344,881	5	330,000	5	322,000	5
Arizona.....	9,666,897	85	10,204,000	83	9,956,000	81
Arkansas.....	3,495,187	64	3,387,000	63	3,329,000	61
California....	46,136,602	574	42,524,000	566	42,663,000	590
Colorado.....	9,468,538	286	10,014,000	281	9,771,000	273
Connecticut...	485,707	10	465,000	10	453,000	10
Delaware.....	414,064	6	396,000	6	386,000	6
Florida.....	18,498,639	341	18,869,000	335	20,533,000	370
Georgia.....	5,258,950	62	6,031,000	61	5,909,000	59
Hawaii.....	16,606,896	232	18,418,000	227	20,117,000	259
Idaho.....	3,252,146	44	3,111,000	44	3,036,000	42
Illinois.....	2,208,646	41	2,113,000	41	2,062,000	40
Indiana.....	1,429,978	28	1,368,000	28	1,335,000	27
Iowa.....	19,192,401	254	20,272,000	223	21,781,000	213
Kansas.....	1,697,994	38	1,624,000	38	1,585,000	37
Kentucky.....	1,989,688	46	1,903,000	46	1,857,000	44
Louisiana.....	5,732,216	75	6,527,000	75	6,417,000	75
Maine.....	735,039	15	703,000	15	686,000	14
Maryland.....	69,230,668	829	69,007,000	812	69,286,000	801
Massachusetts.	4,577,642	88	3,466,000	48	3,406,000	46
Michigan.....	4,719,948	75	4,515,000	73	4,406,000	71
Minnesota.....	13,046,133	140	12,611,000	133	12,845,000	114
Mississippi...	5,089,271	106	5,825,000	104	5,684,000	101
Missouri.....	3,399,596	44	3,295,000	44	3,240,000	42
Montana.....	4,128,525	59	3,293,000	52	3,920,000	56
Nebraska.....	2,461,011	36	2,354,000	34	2,297,000	35
Nevada.....	1,283,190	23	1,227,000	24	1,198,000	23
New Hampshire	396,061	9	379,000	9	370,000	9
New Jersey....	5,459,853	107	6,179,000	109	6,030,000	106
New Mexico....	2,506,170	55	2,397,000	54	2,339,000	52
New York.....	15,517,430	252	15,104,000	237	13,883,000	221

	<u>1994</u>		<u>1995</u>		<u>1996</u>	
	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>
North						
Carolina...	7,111,179	117	6,802,000	115	6,637,000	112
North Dakota..	2,146,641	26	2,053,000	26	2,004,000	25
Ohio.....	1,783,131	28	1,706,000	28	1,664,000	27
Oklahoma.....	3,191,904	63	3,053,000	62	2,979,000	60
Oregon.....	3,819,157	56	3,428,000	55	3,345,000	53
Pennsylvania..	4,227,965	60	4,044,000	59	3,946,000	57
Rhode Island..	198,812	3	190,000	3	186,000	3
South						
Carolina.....	4,733,099	58	4,528,000	57	4,418,000	55
South Dakota..	1,302,205	21	1,246,000	21	1,215,000	20
Tennessee.....	3,347,440	71	3,202,000	69	3,124,000	68
Texas.....	30,034,123	697	33,513,000	666	32,648,000	626
Utah.....	6,571,751	33	5,501,000	27	5,400,000	32
Vermont.....	431,324	10	413,000	10	403,000	10
Virginia.....	1,686,891	31	1,614,000	30	1,575,000	30
Washington....	5,987,684	69	4,771,000	63	4,655,000	66
West Virginia	738,399	14	706,000	14	689,000	14
Wisconsin.....	2,681,776	68	2,565,000	67	2,503,000	65
Wyoming.....	1,730,902	41	1,656,000	41	1,616,000	40
Wash.. DC.....	12,608,354	141	12,757,000	131	11,722,000	121
Puerto Rico...	16,152,333	211	15,364,000	171	5,471,000	52
Virgin						
Islands.....	317,149	6	303,000	6	296,000	6
Asia/Pacific..	1,092,122	8	1,045,000	8	1,019,000	8
Bahamas.....	523,699	4	501,000	4	489,000	4
Central						
America.....	7,983,836	15	7,637,000	15	7,452,000	14
Chile.....	283,474	11	271,000	11	265,000	11
Colombia.....	1,810,058	3	1,731,000	3	1,689,000	3
Dominican						
Republic.....	293,379	4	281,000	4	274,000	4
Europe/Africa.	1,301,567	13	1,245,000	13	1,215,000	13
Guam.....	6,720	0	6,000	0	6,000	0
Guatemala.....	2,818,583	15	2,696,000	15	2,631,000	14
Mexico.....	27,717,547	183	28,391,000	180	31,847,000	175

	<u>1994</u>		<u>1995</u>		<u>1996</u>	
	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>
Panama.....	634,900	2	607,000	2	593,000	2
Venezuela.....	329,734	4	315,000	4	308,000	4
Total, available or estimate.....	438,199,150	6.157	437,042,000	5.902	430,279,000	5.718

NOTE: Total staff years for 1994, 1995, and 1996 are 6.553, 6.387, and 6.259 respectively when staff years for miscellaneous trust funds and reimbursements are included.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

SALARIES AND EXPENSES

STATUS OF PROGRAM

PEST AND DISEASE EXCLUSION

Current Activities: The Animal and Plant Health Inspection Service (APHIS) conducts agricultural inspections and international pest and disease programs, to prevent exotic plant and animal pests and diseases from entering the United States. Along with manual inspections, the Agency is exploring and utilizing alternative inspection methods and technologies such as X-ray systems and detector dogs. APHIS personnel also carry out inspections of imported and exported animals to ensure that all exported livestock, live poultry, hatching eggs, bovine semen, and bovine embryos have been inspected and certified free from contagious diseases. In addition to assuring that exports comply with health agreements between the Department and importing countries, APHIS officials routinely meet with international agricultural health officials to facilitate international trade by clarifying and amending import requirements, as necessary. The Agency also participates in inspection, survey, and control activities in foreign countries, thereby reducing the threat of exotic pests and diseases to the United States and sparing the taxpayers millions of dollars in costly emergency eradication expenditures.

Selected Examples of Recent Progress:1. Agriculture Quarantine Inspection (AQI)

In FY 1994, APHIS collected over \$98 million in user fee revenue for AQI services. Since the implementation of user fees in FY 1991, the Agency has saved taxpayers \$337 million. In FY 1994, 50 million passengers arrived at U.S. ports, an increase of 3 million over FY 1993. Passenger arrivals are projected to steadily increase to the year 2000. APHIS continued to work with the U.S. Customs Service to expedite passenger clearance while maintaining adequate protection for American agriculture. A new plan adopted by the U.S. Customs Service, "Airport 1990's," calls for Customs to be more selective and examine fewer passengers and bags. In response to this plan, APHIS is using "rovers" and "choke points" to better control passenger movement. In FY 1994, 1,754,998 passengers were precleared and 28,546 contraband interceptions were made for the Bahamas and Bermuda. Preclearance at domestic and overseas locations provides a high level of protection to U.S. agriculture. APHIS continued to use dogs to detect prohibited items at international airports. In FY 1994, APHIS maintained 47 detector dog teams located at 19 major airports and post offices in the United States. The Agency plans to expand the program to 60 teams by FY 1996 and to 108 teams by FY 2000.

APHIS continues to expand the use of X-ray technology to screen passenger baggage for clearance. Currently, the Agency uses 76 X-ray machines at major airports and land border stations. The clearance units are located at 19 foreign-arrival sites and 8 departure sites. They include: San Juan (10), Miami (3), Hawaii (31), Chicago (2), JFK/New York (4), Houston (2), Boston (1), Atlanta (1), Dulles/Washington, DC area (1), Los Angeles (4), San Francisco (2), Elizabeth, New Jersey (2), Seattle-Tacoma (1), Dallas (2), Detroit (1), Philadelphia (1), San Jose (1), Orlando (1), San Ysidro (2), Hoboken, New Jersey (1), Roosevelt Road Navy (1), Mayaguez (1), and Ponce (1).

APHIS, in partnership with the U.S. Army Piscatinny Arsenal in New Jersey is developing a prototype X-ray system that will:

- » detect quantities weighing 10 grams,
- » accomplish throughput of 120 feet per minute as required for "check-in" baggage inspection,
- » accommodate baggage dimensions allowed for check-in items,
- » store scanned images for an unlimited length of time with the capability of retrieving and displaying them at will, and;
- » barcode the baggage having a detected product.

Among the AQI activities funded out of appropriated funds, APHIS successfully completed a military preclearance program in Rwanda and Cuba and made preparations for the present program in Haiti. Downsizing of the military has caused a significant increase in the supervisory workload in areas such as Japan, Korea, and Europe. Also, APHIS conducted baggage inspections for over 3.3 million passengers at the Tijuana International Airport in Mexico, where 15.7 metric tons of quarantine materials were intercepted. A total of 3,289 live Mexican fruit fly larvae were intercepted from these products. Agricultural inspection of commercial cargo and passenger baggage continued at the road stations in Mexico and Estacion Don, Sonora, and El Centenario, Baja California South, with an additional 3,451 fruit fly larvae intercepted. There were approximately 30,000 tons of commercial fruit fly host material fumigated.

APHIS has completed the development, testing, and nationwide implementation of the EXCERPT computerized database. This database contains updated export summaries that are used for issuing phytosanitary certificates. With a personal computer and modem, certifying officials are now able to access a remote host computer to retrieve export summaries of more than 105 countries.

APHIS uses its civil penalty authority for inadequate notice of arrivals, passenger baggage violations, and maritime garbage violations. In FY 1994, APHIS collected about \$1.3 million in violations, assessing approximately 23,000 civil penalties. The program has successfully reduced the number of illegal importations and violations. In addition, the Agency inspects cargo and carriers entering the United States. In FY 1994, APHIS conducted inspections of about 53,000 ships and 1,054,000 regulated and miscellaneous cargo. APHIS uses the Interagency Border Inspection System (IBIS) to electronically list violators of APHIS programs and record any violation history. IBIS is now being expanded to enable agencies to more effectively identify passengers requiring personal inspection. This will further expedite passenger clearance and more effectively protect American agriculture.

2. Foot-and-Mouth Disease (FMD)

In FY 1994, APHIS, in cooperation with animal health officials and other international organizations such as the International Regional Plant and Animal Health Organization, the Pan American Health Organization, and the Inter-American Institute for Cooperation in Agriculture, continued to prevent FMD from entering the United States, Mexico, Central America and Panama.

Panama and Central America

The Panama program conducted active FMD field surveillance in the border area adjacent to Colombia in support of the FMD-free status in Panama.

APHIS continued to provide support for the Vesicular Disease Diagnostic Laboratory in Panama City, Panama, to ensure reliable and timely diagnostic capabilities for FMD detection throughout Central America. During FY 1994, over 242 FMD-suspect biological specimens from Central America and Panama were processed at this laboratory. None of these specimens tested positive for FMD, however, numerous specimens tested positive for vesicular stomatitis, a disease clinically indistinguishable from FMD. In September 1994, the vesicular disease laboratory closed temporarily for repairs to the biosecurity system.

Colombia

In Colombia, APHIS provided financial and technical assistance to the cooperative FMD control program in a 50/50 cost sharing with the Colombian Agriculture Institute. The program continued to maintain the FMD-free area in Colombia, which is contiguous with and southeast of the border with Panama and serves as the "first line of defense". Over 80 percent of all cattle (3 million) were vaccinated during the 1993-1994 cycle. Success of this program can be measured by the gradual increase in the FMD-free areas in Colombia. This expanded area results in increased protection to Panama, Central America, Mexico, and the United States.

Mexico

APHIS continued its successful exclusion of FMD and other foreign animal diseases (FAD) in Mexico through the support of the joint Exotic Animal Disease Commission (EADC). EADC efforts are principally dedicated to surveillance and outbreak investigations for prevention of FAD entering Mexico, diagnostic capabilities for rapid detection of FAD throughout Mexico, and training and public education to communicate animal disease prevention measures. During FY 1994, there were 670 FAD investigations and 742 screwworm investigations.

In FY 1994, several significant events occurred. Mexican surveillance operations found one positive case of a screwworm in Quintana Roo on a vessel with cattle imported from Panama. Aerial dispersal of sterile screwworm was completed over the affected area. Surveillance in Oaxaca uncovered a large number of donkeys with symptoms similar to Venezuelan equine encephalitis (VEE). Epidemiological and laboratory findings point to a non-viral origin. One positive case of VEE was identified in Chiapas. More cases of hog cholera were detected in Baja California. Three outbreaks were investigated and vaccinations were conducted to control the outbreak.

3. Import/Export Inspection

In FY 1994, the import/export inspection program provided regulatory oversight over the importing and exporting of \$67.1 billion worth of agricultural products. The services provided by this program protected U.S. livestock, poultry, and wildlife populations from exposure to exotic disease, and expanded markets abroad by assuring that exported animals and animal products met the health requirements of recipient countries. Fulfilling this mission required regulatory oversight of the importation of approximately 3 million animals, 13 million poultry, birds, and hatching eggs, 600,000 doses of semen, 6,000 embryos, and

7,000 product import permits. The program issued point of origin certificates for the export of approximately 1 million head of livestock, 55 million live poultry, 32 million hatching eggs, 7 million doses of semen, and 7,000 embryos.

In response to international trade agreements and directives to liberalize import requirements, APHIS added aquaculture products to the regulations and is incorporating regionalization and risk assessment into the import/export decision-making process.

Import Animals

One animal importation was conducted at the Harry S Truman Animal Import Center (HSTAIC) in FY 1994, involving 502 llamas and alpacas from Peru. In September 1994, APHIS sent a team of veterinarians to South Africa to approve an embarkation quarantine facility and begin the quarantine process for 684 Boer goats. These goats are intended for shipment to the United States in the first quarter of FY 1995. To discourage frivolous applications, ensure adequate time to assemble necessary information prior to each lottery, and minimize financial losses incurred by APHIS, regulations governing the lottery system at HSTAIC were amended in FY 1994.

APHIS personnel supervised a 90-day FMD quarantine for approximately 40 South African Angora and Boer goats in Poland. After clearing that quarantine, they were imported through the New York Animal Import Center and are currently quarantined for 5 years in Texas.

Also in FY 1994, the Equine Committee of the 1996 Olympic Games requested that APHIS approve a private quarantine for foreign horses competing in the Olympics and waive a requirement that they be tested for equine piroplasmiasis (EP). APHIS agreed to a private quarantine as long as the facility is inspected, approved, and supervised by APHIS/USDA officials.

Import Avians

In FY 1994, 2.7 million poultry, including day-old chicks, and 10 million hatching eggs were imported into the United States. Approximately 131,000 commercial birds were quarantined, with a total of 110,570 birds being released at the end of the quarantine period. Disposition of a shipment containing 10,503 birds is pending due to the isolation of avian influenza.

Nine hundred seventy-three birds were smuggled, confiscated or seized at U.S. borders during FY 1994. These birds were quarantined at USDA quarantine facilities and then sold at public auction. Additional requirements were published in FY 1994 to prevent smuggled ratites and/or hatching eggs of ratites from entering this country. These additional requirements include more identification of live ratites and/or hatching eggs of ratites prior to their shipment into the United States. Also in FY 1994, a total of 1,520 pet birds were imported and quarantined.

Export Animals

During FY 1994, APHIS negotiated with several countries to establish or update animal health protocols for the exportation of U.S. commodities. New or updated protocols were established for the exportation of bovine semen to Argentina and Ireland; bovine embryos to Sweden, Australia, and Japan; cattle to China, Brazil, and Colombia; horses to Argentina;

equine semen to Australia; swine to Barbados, Guatemala, Chile, Japan, New Zealand, and Malta; porcine semen to China, New Zealand, Chile, and Japan; poultry to Nicaragua; and camelids to Australia.

In FY 1994, APHIS continued to hold Canada-United States Trade Agreement Technical Working Group meetings with Agriculture Canada to discuss the establishment of uniform import/export procedures. The United States-Mexico Animal Health Working Group continued to meet in FY 1994 to discuss changes to import regulations in each country.

The occurrence of porcine respiratory and reproductive syndrome (PRRS) in the United States continues to adversely affect our exports of live swine, porcine semen, and pork. Other diseases, such as avian influenza and salmonella, are periodically used by some countries to limit the entry of our poultry and poultry products into their countries.

Animal Products

APHIS recognized Austria, Belgium, Germany, Hungary, and South Korea as being free of FMD; Austria free of swine vesicular disease (SVD); and Portugal free of African horse sickness. In addition, a country review for Switzerland to be declared free of FMD and VVND, produced a recommendation that enabling regulations be prepared. Portugal was added to the list of countries considered to be affected with bovine spongiform encephalopathy (BSE) after it was diagnosed in native cattle. Regulations were published and import procedures adopted to permit entry of certain products with only point-of-origin certificates due to changes in disease status of exporting countries. Regulations are now being finalized which will allow for the importation of beef, from FMD-affected countries, if certain cooking and packaging methods are used.

4. International Programs

Foreign Disease and Pest Exclusion

In FY 1994, APHIS veterinarians and plant health specialists continued to work closely with foreign governments and industry, particularly in Mexico, Central and South America, the European Union, the Caribbean, Africa, Japan, Taiwan, Australia, and Korea, to protect American Agriculture. APHIS personnel ensured the biological safety of animals, plants, and agricultural products coming into the United States through inspection and certification of foreign facilities, carriers, passengers, and cargoes.

APHIS continued to conduct preclearance inspections of fruits, vegetables, and a limited amount of propagative material in 32 countries worldwide. Commodity preclearance overseas provides the United States with additional protection against the introduction of plant pests and diseases by detecting and eliminating pests at their origin.

In FY 1994, preclearance activities in Chile, a major supplier of winter fruits and vegetables to the United States, remained stable at about 60 million cartons. APHIS maintained the current level of activities in the Dutch bulb program by inspecting over 1 billion bulbs destined to the United States for fall planting. Preclearance programs for mangos subject to hot water treatment continued in Mexico, Haiti, Brazil, Guatemala, Venezuela, Peru, and Ecuador. APHIS personnel also assisted in the preclearance of military personnel/equipment returning from military and humanitarian exercises.

Export Facilitation

In FY 1994, APHIS increased its efforts in the facilitation of U.S. agricultural exports worldwide through bilateral discussions with several countries including Japan, Australia, Chile, New Zealand, Korea, and Taiwan. The Agency participated in the Uruguay Round of the General Agreement on Trade and Tariffs negotiations and the U.S./EC Working Groups on phytosanitary and sanitary matters, the North American Free Trade Agreement negotiations, and the Mexico/United States working groups on phytosanitary and sanitary issues. In support of these efforts, APHIS attaches stationed abroad increased their emphasis on activities in identifying, negotiating, and eliminating technical zoosanitary and phytosanitary trade barriers that impede U.S. agricultural exports.

The APHIS Trade Support Team (TST) continued to develop and implement the trade issue data tracking system that facilitates the management of technical trade issue negotiation priorities. The TST implemented a technical issue resolution process to fulfill the needs of the newly formed NAFTA Sanitary and Phytosanitary Committee. The TST coordinates Agency participation in discussions over bilateral and multilateral phytosanitary and zoosanitary issues. For example, it assisted the Department and the U.S. Trade Representative (USTR), in resolving commodity disputes with foreign governments over sanitary and phytosanitary issues. It also continues to identify, develop, and implement resolution processes for emerging trade issues through continuous contact with industry, foreign governments, and other U.S. agencies. For example, sales of \$120 million in apples and other fruit were preserved through negotiations with Taiwan and China.

International Cooperation

In FY 1994, the Agency maintained strong technical cooperation on bilateral international agricultural health issues with many countries and international agricultural health organizations including Food and Agriculture Organization (FAO), International Office of Epizootics (OIE), North American Plant Protection Organization (NAPPO), Inter-American Institute for Cooperation in Agriculture (IICA), and others. These activities resulted in the development of standards for risk analysis and pest free areas and in other institution-building achievements.

5. Mediterranean Fruit Fly (Medfly)

APHIS cooperated with the California Department of Food and Agriculture on a Medfly eradication project located in the Los Angeles basin during FY 1994. The 1,531 square-mile quarantine area included portions of Los Angeles, Orange, and San Bernardino Counties.

In FY 1994, APHIS' sterile Medfly rearing facility in Waimanalo, Hawaii, produced approximately 19 billion sterile flies to meet the needs of the California eradication project. Waimanalo maintained sterile fly production at the maximum sustainable level of about 400 million per week to support the emergency project. Sterile Medflies from the production facilities in Metapa, Mexico, (81 million per week) and Petapa, Guatemala, (42 million per week) were also used to support the emergency program in California. We continue to develop alternatives to aerial application of malathion bait sprays.

APHIS continued efforts to prevent the northward spread of Medfly into northern Guatemala and southern Mexico through a cooperative cost-sharing program with Mexico and Guatemala (Moscamed). Program activities continued to exclude Medfly from northern Guatemala, Belize, and the Yucatán. Moscamed maintained detection and control activities in southwestern Guatemala along the border with Mexico. The Medfly rearing facilities produced about 560 million sterile flies per week in Mexico and 192 million per week in Guatemala to support the biological barrier.

Medfly populations have increased significantly in southwestern Guatemala during 1994, resulting in increased outbreaks in southern Mexico. Detections in southern Mexico suggest a serious and sustained Mediterranean fruit fly infestation in the area. In the state of Chiapas alone there have been a total of 193 Medfly detections, compared with only 21 in 1991. Detections in the state of Tabasco and northern Chiapas represent the deepest intrusion into Mexico since 1978. Since the late 1980's, southwestern Guatemala has become heavily reinfested with Medfly and the static barrier in southwest Guatemala appears to be failing.

APHIS and the Moscamed program maintained a network of almost 16,000 Medfly traps in Mexico to detect outbreaks that would threaten the United States. Also, APHIS and ARS scientists worked with the Medfly rearing labs in Mexico and Guatemala to improve the quality of the sterile flies produced there.

In other developments, The Moscamed program is field testing a new "all-male strain" of sterile Medfly in Guatemala. Females of this strain cannot tolerate high temperatures and can be eliminated in the egg stage. This strain has the potential to be more effective in the field and cheaper to produce.

6. Mexican Fruit Fly (MFF)

APHIS continues to conduct a survey, regulatory, and control program to prevent the MFF from becoming established in the Lower Rio Grande Valley (LRGV) and spreading to other citrus growing areas of the United States. As part of this program, APHIS, the State of Texas, and the citrus industry have developed the MFF protocol, which involves trapping and the release of sterile flies throughout the LRGV citrus growing areas. This enables commercial citrus to be transported out of the valley to other States and abroad, with greatly reduced use of chemical treatments.

MFF detection and eradication activities are also carried out along the California-Texas-Mexico border, reducing the threat of infestation to California and Texas. This is a cooperative effort involving APHIS, the California Department of Food and Agriculture, and the Mexican plant health organization, Sanidad Vegetal.

APHIS continues to produce sterile flies at its rearing facility in Mission, Texas, for programs in northwest Mexico and in the LRGV in Mexico and Texas. In FY 1994, APHIS produced over 2.9 billion pupae at the sterile fly rearing facility in Mission, Texas. The capacity of sterile fly production was doubled to meet program needs for eradicating infestations in northwest Mexico and in the State of California. Last year, the Agency released over 1 billion sterile flies in the LRGV to support the protocol, and is currently releasing approximately 30 million flies per week. In addition, the facility produced approximately 573 million sterile flies for eradication efforts in

California and an additional 1 billion for suppression and eradication programs in Sonora and northwest Mexico. In addition to sterile fly releases, program activities also include fruit stripping and ground bait applications, the level of which depends upon MFF detections. Activities also include servicing trap lines weekly in Baja California (1,064 McPhail traps) and in Tamaulipas, Rio Grande Valley (956 traps).

During FY 1994, the dispersion of sterile MFF in Baja California successfully prevented the establishment of MFF in southern California despite the capture of 30 native flies in the Tijuana, Mexico, area. APHIS' joint regulatory efforts with the Mexican Secretariat of Agriculture and Water Resources continued to reveal incidents of commercial smuggling of host fruit at road stations and markets in Sonora and Baja California.

7. Screwworm

In FY 1994, APHIS continued to successfully prevent screwworm reintroduction into the United States. Self-sustaining populations of screwworms were eliminated from Mexico, Belize, Guatemala, and El Salvador. The programs in Guatemala and Belize closed in FY 1994 after completion of countrywide reviews to verify their screwworm-free status. The Guatemala and Belize Ministries of Agriculture assumed responsibility for continuing surveillance and inspections. In FY 1994, the screwworm sterile fly production facility produced and distributed roughly 9 billion sterile insects for an average of 200 million sterile screwworm flies per week. Field operations collected about 14,000 samples, of which 8,000 were positive in Nicaragua and 300 in Honduras.

The last positive cases in Mexico occurred near the sterile fly rearing facility at Chapa de Corzo in July 1994. While of questionable origin, a limited number of sterile flies were released in the area. Unlike the detections in 1992 and 1993 which delayed the Central America programs by 12 to 24 months, these detections did not affect the eradication progress.

The Central American programs experienced significant change in 1994. In Honduras, approximately 90 percent of the country is no longer infested but remains at risk from infested areas in Nicaragua. Screwworm detections occur only in the extreme eastern portion of the country. Aerial sterile fly releases continue along the border with Nicaragua. Dispersal activities will continue through June 1995 and the program will maintain prevention and surveillance activities for the rest of 1994 and 1995. Nicaragua is the focal point of eradication at this time, where eradication efforts have now been expanded to cover the entire country. This has resulted in a tenfold drop in cases from the previous year. In El Salvador, all sterile fly dispersal terminated in July 1994 due to program success. Surveillance and inspection continue throughout the country. The number of negative samples remains high indicating a successful surveillance program.

A cooperative agreement to enable continuation of the program in Central America was signed with Costa Rica on October 29, 1993. The cooperative program activities are scheduled to begin in October 1995, after being delayed over a year due to the 1992 outbreak in Mexico.

PLANT AND ANIMAL HEALTH MONITORING

Current Activities: APHIS monitors animal and plant health to detect and react to exotic pests and disease introductions. The Agency creates and updates endemic pest and disease information bases and monitors and carries out surveys in cooperation with States and industry. The Agency also surveys for exotic plant pests and investigates reports of suspicious animal pests and diseases. Early detection reduces their spread, helps eliminate significant losses, and helps maintain pest-free status for export certification of agricultural commodities. U.S. agriculture is currently free from hundreds of foreign pest and diseases. Survey data are essential for initiating action programs, and result in better pest and disease management.

APHIS works with the States to compile two databases: the National Agricultural Pest Information System (NAPIS) and the National Animal Health Monitoring System (NAHMS). States enter the results of plant pest surveys directly into the NAPIS database, which includes crop hosts, location, weather conditions, pest life stages, crop damage, survey and control methods used on certain pests, and trapping methods. Descriptive data about the occurrence and costs of animal health events are collected from a statistically valid sample of producers for the NAHMS database. NAHMS reports can be used by producers to improve health and production efficiency of livestock and poultry.

Regulatory enforcement activities prevent the spread of communicable animal pests and diseases in interstate trade. These activities include inspection, surveillance, animal identification, and prosecution. The Agency also investigates alleged violations of Federal animal welfare and horse protection laws and regulations and oversees and coordinates subsequent prosecution of violators through appropriate civil or criminal procedures.

The Agency maintains a cadre of trained professionals, prepared to respond immediately to potential animal and plant health emergencies. Reports of suspected exotic pests and diseases are investigated and emergency action is taken if necessary. The Agency develops pathway studies and thoroughly investigates the progression of outbreaks to determine the origin of plant and animal pests and diseases.

Selected Examples of Recent Progress:

1. Animal Health Monitoring and Surveillance

a.) Foreign Animal Disease Investigations

In FY 1994, APHIS conducted 283 investigations for suspected foreign animal diseases (FAD). Approximately one-third of these involved vesicular disease conditions, 20 percent involved encephalitic diseases, 13 percent involved avian diseases, another 13 percent involved hemorrhagic septicemia, 5 percent involved mucosal disease, and 16 percent involved other disease conditions including excessive acute death, myiasis/acariasis, respiratory diseases, and spontaneous abortions.

FOREIGN ANIMAL DISEASE INVESTIGATIONS			
DISEASE	FY 1992	FY 1993	FY 1994
Vesicular Conditions	78	72	93
Mucosal Conditions	17	33	13
Avian Diseases	58	124	37
Hemorrhagic Septicemia	11	14	36
Encephalitic Conditions	16	29	58
Other Disease Conditions	60	27	46
TOTAL NUMBER OF INVESTIGATIONS	240	299	283

APHIS continued its surveillance program for hog cholera and African swine fever by collecting swine blood samples at slaughterhouses in Arizona, Maine, Massachusetts, New Hampshire, New Jersey, Puerto Rico, Texas, and the U.S. Virgin Islands. The Agency's National Veterinary Services Laboratories (NVSL) in Ames, Iowa, tested 11,930 samples, all of which were determined to be negative for both diseases. APHIS also continued its surveillance program for Velogenic Viscerotropic Newcastle Disease (VVND). In FY 1994, no outbreaks of VVND occurred in caged birds or domestic poultry in the United States. Also, APHIS continued its bovine spongiform encephalopathy (BSE) surveillance program. As of September 30, 1994, pathologists at NVSL had examined more than 1,900 bovine brains, none of which contained lesions characteristic of BSE. Of the 499 cattle imported from the United Kingdom between July 1989 and January 1991, 138 are known to be alive, 302 are known to be dead, 8 were exported, and 51 are still being traced. None have shown clinical signs of BSE and no BSE cases have been diagnosed in the United States.

APHIS continued to increase FAD awareness by conducting training courses and providing in-depth information on exotic animal diseases in equine, swine, and ruminants. Biosecurity issues, sample submissions, and investigation techniques were presented. Disease control concepts, specific information on exotic animal diseases, and the potential economic threat to the U.S. poultry, livestock, and wildlife populations were also discussed. APHIS also sponsored workshops to train teachers and veterinary laboratory diagnosticians on infectious diseases of concern to the domestic livestock and poultry industries. APHIS also continued to sponsor the Smith-Kilborne course at the Foreign Animal Disease Diagnostic Laboratory at Plum Island, New York. Students from schools of veterinary medicine are invited to attend the course and are taught about selected infectious diseases exotic to the U.S. In addition, the Secretary's Advisory Committee on Foreign Animal and Poultry Diseases met in June 1994. This committee advises the Secretary of Agriculture on the means to prevent, suppress, control, or eradicate exotic diseases should they enter the country.

b.) Miscellaneous Agricultural Monitoring

In FY 1994, the Agency's proactive animal health monitoring and surveillance program enabled APHIS to deliver objective information to producers and consumers in the wake of human and animal disease outbreaks. From October 1993 to July 1994, 16 additional States reported *E. coli* O157:H7 outbreaks, bringing the overall total to 27. APHIS interpreted and disseminated fecal testing and herd management

information produced through the National Animal Health Monitoring System's (NAHMS) on-farm dairy monitoring. Scientifically sound and statistically valid NAHMS information supported outbreak investigations and assisted animal and public health interests in targeting immediate research needs.

The value of readily available animal health information was again demonstrated in June 1994 by the APHIS-State response to cattle deaths caused by a previously unknown strain of Bovine Viral Diarrhea (BVD). Pennsylvania herds suffered extremely high death loss. In addition, APHIS collaborated with State diagnostic labs from all the U.S. regions and determined that six other States including California, Indiana, Kentucky, Michigan, New York, and Ohio, were also suffering losses from this new strain. APHIS quickly disseminated information on how current vaccination protocols did not minimize the risk of BVD, and what management practices have epidemiologic basis for preventing BVD outbreaks and resulting economic losses.

In FY 1994, NAHMS monitored the health and disease status of U.S. feedlot cattle, beef, dairy, and swine populations. Feedlot cattle monitoring was initiated nationally in the Fall of 1994 with producer interviews and fecal sampling in 12 States holding over 85 percent of the Nation's feedlot cattle. The States were: Arizona, California, Colorado, Idaho, Iowa, Illinois, Kansas, Minnesota, Nebraska, South Dakota, Texas, and Washington. Feedlot management practices enhancing economic productivity and consumer safety were targeted in this national survey, with initial results completed in November 1994. In addition, APHIS completed its first year of continuous feedlot cattle death loss monitoring, reporting monthly trends in death loss and cause of death in 40 U.S. feedlots containing 1.2 million head of cattle and representing over 15 percent of the domestic feedlot cattle population. U.S. cattle feeding is estimated to be a \$25 billion agricultural industry.

Beef monitoring was successfully completed on-farm and focused on interpreting and disseminating data and biological sampling results. Beef producers, industry groups, veterinary practitioner groups, and animal health officials received information on giardia and Cryptosporidium in beef calves, two pathogens commonly associated with neonatal calf weakness found by APHIS to be common in U.S. beef herds. Cryptosporidium is also a human pathogen and was implicated in the 1993 tainting of the Milwaukee, Wisconsin, public water supply in which thousands of people became ill. In that case, early hysteria pointed to water runoff from farms as the source of the pathogen, but a faulty public sewage system emerged as the actual problem source. Results of APHIS monitoring of U.S. dairy herds were disseminated throughout the dairy industry and to animal health officials, including information on human pathogens (*E. coli* 0157:H7 and Salmonella in dairy calves), and improved management practices fostering heifer/calf growth and nutrition.

Disease patterns in cattle, hogs, and horses were tracked and reported through the compilation of test results from veterinary diagnostic laboratories in all regions of the United States. Twenty-eight laboratories from 23 States plus Puerto Rico now contribute data and expertise quarterly, and more frequently in the event of an outbreak. Domestic and international distribution of reportable disease data provides key disease trend information to over 1,300 diagnosticians, veterinarians, and animal health officials.

c.) Risk Assessment

APHIS enhanced its risk assessment capabilities in identifying and interpreting emerging animal and public health issues. Foreign and domestic risks to the viability of U.S. animals were assessed by using NAHMS monitoring and surveillance data in conjunction with data from multiple sources. These included the National Agricultural Statistics Service; the Centers for Disease Control; the Economic Research Service; and State animal and public health agencies and officials. Through NAHMS, APHIS electronically accesses most of these sources, thereby increasing the effectiveness of the APHIS monitoring and surveillance network. In FY 1994, APHIS built upon a previous analysis of bovine spongiform encephalopathy (BSE), the neurological cattle disease that devastated the United Kingdom cattle industry, to proactively develop an emergency protocol to minimize safety and economic risk should this disease enter the United States. APHIS completed a national assessment of disease risk potential caused by feeding recycled commodities to hogs. This risk assessment quantified and documented the risks of introducing an exotic foreign animal disease, or disease of public health significance, by feeding waste products to domesticated swine.

d.) Miscellaneous Diseases

In FY 1994, APHIS conducted its annual bluetongue survey of cattle in 19 States. The results indicated that 17 of the States are bluetongue-free or have a low disease incidence with no major increase or decrease in infection. Indiana and Virginia are the only States with an incidence of bluetongue at or above the 2-percent allowance for less restrictive exportation of animals to Canada. In addition, the State-Federal cooperative monitoring system for equine infectious anemia (EIA), a viral disease of equine that causes fever, anemia, progressive weakness, and weight loss, revealed that in FY 1994, 1,974 of the 1,057,377 samples tested for EIA were identified as positive.

e.) National Poultry Improvement Plan (NPIP)

NPIP, a voluntary quality assurance program for the poultry breeding industry of the United States, continued to protect the \$17.5 billion poultry industry in FY 1994. Over 95 percent of all domestic commercial egg-type breeding flocks that ship baby chicks or hatching eggs interstate, participate in this program. The mission of NPIP is to prevent egg-transmitted and hatchery disseminated poultry diseases. In FY 1994, a new "U.S. Salmonella enteritidis Clean" classification for primary meat-type breeding chickens was established under the plan.

In FY 1994, no commercial egg-type or meat-type poultry flocks, or turkey flocks had S. pullorum or S. gallinarum isolates. S. enteritidis (SE) was found in two egg-type breeding flocks. These flocks lost their classifications and were depopulated. Hatching eggs from the flocks with isolates from were removed from the incubators and destroyed. Hatching eggs from the flocks with bird isolates that had not been set in the incubators were diverted for pasteurization. The progeny from flocks with bird isolates were traced forward. The pullet growers chose to depopulate the flocks with progeny from these breeding flocks. Approximately 400,000 pullets were depopulated as a result of these forward traces.

f.) Poultry Diseases

In FY 1994, APHIS tested a total of 121 live-bird markets and auctions in the Northeast for avian influenza (AI). The annual surveillance began in the fall of 1993. The first round was from October to December and did not detect any H5 or H7 AI viruses. The second round was initiated in February of 1994 and non-pathogenic H7N2 and H7N3 strains were isolated from seven markets in New York and four in New Jersey. These markets were emptied, cleaned, disinfected, and reopened. They were subsequently negative.

g.) Swine Health Protection

In FY 1994, APHIS continued to monitor swine garbage feeding operations for the presence of foreign animal disease. State and Federal inspectors conducted an estimated 23,288 inspections of approximately 5,088 licensed garbage feeding premises. A total of 65,567 searches for unlicensed garbage feeders was conducted in FY 1994, as opposed to 73,238 in FY 1993. These inspections and searches resulted in 280 documented violations in FY 1994.

h.) Tuberculosis

In FY 1994, APHIS continued to monitor the incidence of TB throughout the United States. The Agency tested 3,961 TB suspect tissues, submitted by meat inspection personnel, from slaughtered cattle in FY 1994. Of these, 318 (8 percent) were test positive for TB. Only 12 of the positive cases were adult cattle with the remaining 306 being immature feedlot animals. Tracebacks were completed on 249 of the 306 immature feedlot animals. Of the 249, 182 or 73 percent were traced to Mexico, and 67 cases were traced to their lot of origin at the feedlot. Generally, these cases are not traced back any further than the feedlot, because of the extreme difficulty in identifying the animal's source of origin at that point.

2. Animal and Plant Health Regulatory Enforcement

Under this program, APHIS employs professional field investigators and staff specialists to ensure compliance with Agency regulations through a combination of sound enforcement and strong educational efforts. Activities include investigation of violations, collection of evidence, issuance and collection of civil penalties, and development of alleged violation cases for formal prosecution.

At the beginning of FY 1995, the program employed 71 field investigators stationed throughout the United States. A staff of four compliance specialists and three case examiners at headquarters handle agency-level enforcement including the issuance and collection of civil penalty stipulations.

APHIS continues to work to improve the timeliness and quality of investigations despite a continuing increase in the number of violations. In this regard, the Agency has made important progress in tracking cases through the implementation of a headquarters based online computer system. This system enables all investigators, regardless of where stationed, to enter data directly into the system with a laptop or personal computer.

Program personnel successfully conducted a number of extensive investigations of plant quarantine violations in FY 1994. These include cases involving false phytosanitary certificates being used to move

produce between Mexico, Texas, and California; and the smuggling of endangered plants into the United States. These investigations required close cooperation with the foreign governments involved as well as State and other Federal agencies.

The program also completed successfully a number of lengthy animal care investigations concerning the making of fraudulent records to hide the source of dogs later sold for research purposes. These resulted in the revocation or suspension of dealers' licenses in addition to civil penalties. Several ongoing investigations of this type have carried over into FY 1995. In another case, APHIS successfully conducted an extensive investigation of illegally imported Mexican fighting bulls which involved fraudulent screening of livestock blood samples for brucellosis.

3. Fruit Fly Detection

APHIS continued to support and conduct cooperative fruit fly detection surveys in Alabama, Arizona, California, Florida, Georgia, Louisiana, Mississippi, Nevada, New Mexico, South Carolina, and Texas, as well as Puerto Rico and the U.S. Virgin Islands in FY 1994. The purpose of these surveys is to detect new infestations of Medfly and other exotic fruit fly species before the infested area exceeds one square mile in urban areas and fifty square miles in rural areas and to develop and implement more effective trapping systems.

During the past 5 years, outbreaks of various fruit flies have occurred almost annually in California, especially in the Los Angeles basin. Currently, APHIS and the California Department of Agriculture are cooperating in a Medfly eradication project located in this region. A Medfly outbreak was eradicated from Riverside County in July 1994.

APHIS and the State of California also conducted a cooperative Oriental fruit fly eradication project in the Sherman Oaks area of Los Angeles County in response to Oriental fruit flies having been captured in early September 1993. In October 1994, APHIS and the State began another Oriental Fruit Fly eradication program in the Florence area of Los Angeles County.

4. Pest Detection

In FY 1994, APHIS and cooperators in the Cooperative Agricultural Pest Survey (CAPS) conducted surveys and managed the data collected. Data were managed in the National Agricultural Pest Information System (NAPIS) and in databases operated by CAPS cooperators. Data from these systems provided Federal and State officials, and the private sector, with information on issues related to exotic pest detection, agricultural export requirements, and management of cooperative pest control programs. APHIS provided approximately \$25,000 per State to the CAPS cooperators in support of this program. Cooperators included State Land Grant Universities or State Departments of Agriculture in 49 States and Puerto Rico.

A project to evaluate capabilities for detection of an exotic bark beetle proved very successful. A small array of traps near a high-risk site in New Jersey detected the spruce bark beetle. The high-risk material on the site was destroyed and a cooperative trapping program with the Forest Service and others was initiated. No further detections were made in an expanded, intense trapping array.

APHIS conducted detection surveys for incipient infestations of exotic pests that could potentially cause economic damage if spread in the United States. Surveys included chrysanthemum white rust, brown citrus aphid, Asiatic rice borer, cabbage moth, Caribbean fruit fly, Carambola fruit fly, Egyptian cotton leafworm, European cherry fruit fly, European grape berry moth, false codling moth, grape vine moth, light brown apple moth, maize borer, melon fly, peach fruit fly, pear leaf blister moth, plum fruit moth, Queensland fruit fly, rice cutworm/cotton leafworm, silver Y moth, Summer fruit tortrix, and other exotic species. Delimiting surveys were conducted for pests that have successfully invaded this country and may be expanding their range. These include the pine shoot beetle, apple ermine moth, cherry bark tortrix, Africanized honey bee, and citrus leaf miner. Surveys were also conducted for biological control organisms and their target species. Data were managed for all these species as well as for gypsy moth, pink bollworm, imported fire ant, Medfly, grasshopper, and other cooperative program pests.

Cooperative agreements within CAPS are used to perform surveys in the United States. Data management is enhanced by ongoing improvement to NAPIS and distributed databases. State survey committees are maintained to serve for information brokerage on general pest survey information. APHIS supports these intrastate networks with communications and data management capabilities and with regional and national coordination. NAPIS was improved by the addition of graphics files, regulatory texts, lists of certified nurseries, fact sheets, and other textual information. Computerization of field data collection continued resulting in improved ability to provide information more rapidly. The use of geographic information systems was expanded.

PEST AND DISEASE MANAGEMENT PROGRAMS

Current Activities: In cooperation with the States, APHIS works to improve the general health of our Nation's multi-billion dollar agriculture industry through management techniques designed to eradicate harmful pests and diseases, or, if eradication is not feasible, minimize their economic impact. Endemic diseases and pests are monitored through surveys to detect their location, and inspections aimed at preventing their spread into noninfested parts of the country. Specific program efforts include:

Plant Pests and Diseases: APHIS Plant Protection and Quarantine unit coordinates a number of programs which actively control or eradicate plant pests. Various tools, including pesticides, traps, and natural predators, are used in order to control boll weevil, grasshoppers, noxious weeds, and witchweed.

In order to prevent the spread of plant pests into noninfested areas, APHIS develops and enforces regulations concerning the movement and quarantine of plant materials. Extensive investigations and methods development activities are conducted to determine the most feasible and environmentally sound methods of dealing with golden nematode, imported fire ant, pink bollworm, and other miscellaneous pests for which there is no viable control method.

Animal Pests and Diseases: The Veterinary Services unit of APHIS implements disease control and eradication programs involving testing, quarantine, treatment, and depopulation of infected animals. Brucellosis, cattle ticks, pseudorabies, and tuberculosis are program examples. The Animal Damage Control program protects American

agriculture from detrimental predators through identification, demonstration, and application of the most appropriate methods of control.

Selected Examples of Recent Progress:

1. Animal Damage Control (ADC) Operations

Protecting American Agricultural Resources

The blackbird hazing and cattail management programs in North and South Dakota continued during FY 1994. Total requests for assistance increased from the previous year, primarily because of the creation of more habitat and the production of larger sunflower crops. During FY 1994, ADC programs in North and South Dakota received 867 requests for aerial hazing activities and protected over 286,345 acres of sunflowers. Pyrotechnic devices were also provided to some producers outside the hazing area for use in dispersing birds. The goal of the hazing program is to disperse blackbirds from commercial sunflower fields, thus minimizing damage to the crop. In addition, over 1,700 acres of cattails were treated with an EPA-approved herbicide. The cattail management program's goal is to reduce the amount of roosting and nesting habitat by controlling cattails in cattail-choked wetlands. By making the habitat unattractive, blackbirds are forced to seek suitable roosting and nesting sites away from sunflower fields. An additional benefit of controlling cattails is that habitat is improved for waterfowl.

In FY 1994, ADC program officials continued to work with Utah State University at Logan, Utah, to provide educational opportunities to current and future wildlife damage management professionals and to reward professional excellence in wildlife damage management. ADC provided key funding to a new education program in wildlife damage management. The new education program is a part of the Jack Berryman Institute for Wildlife Damage Management, an integral part of the Utah State Department of Fisheries and Wildlife.

Protecting Human Health and Safety

ADC continued to provide assistance to John F. Kennedy International Airport in New York City. This was the fourth consecutive year APHIS has conducted operational gull control at the airport. As a result of these efforts, laughing gull bird strikes at the airport have been reduced by 68 percent, 92 percent, 89 percent, and 88 percent during FY's 1991, 1992, 1993, and 1994, respectively. Relocation of the laughing gull colony has been identified as the optimal long-term solution to the problem.

APHIS continued to work with the Texas Department of Health to seek solutions to the problem of canine rabies which has spread to a 16-county area in south Texas. This particular strain of rabies is thought to have originated in Mexico among feral dogs, and has spread during the past 3 years into south Texas, where both coyotes and feral dogs are now transmitting the disease. APHIS is working with State and County officials to develop a comprehensive control program based on an integrated pest management approach. Key elements of the plan include public education, vaccination and control of companion animals, and the development and implementation of an oral rabies vaccination project (ORVP) involving the principal vector, coyotes. In FY 1994, APHIS provided \$474,000 from the Agency's contingency fund to assist in the development of a delivery system for the ORVP.

The program continues to place emphasis on the protection of threatened and endangered species. During FY 1994, ADC personnel responded to numerous requests to help protect various wildlife species. At the request of the U.S. Fish and Wildlife Service (FWS), California ADC officials continued wildlife damage management activities for the protection of the Western Snowy Plover, California Clapper Rail, Light-footed Clapper Rail, Desert Tortoise, and California Least Tern. In cooperation with the New Hampshire Fish and Game Department, ADC personnel are conducting a program to prevent white-tailed deer and woodchuck damage to wild lupine, a plant that an endangered butterfly (Karner Blue Butterfly) is dependent upon. Texas ADC personnel assisted in the recovery of the Black-capped Vireo by trapping brown-headed cowbirds from critical Vireo nesting areas. Nest parasitism by cowbirds has caused poor Vireo nesting success during the past few years. In addition, the ADC Wolf Management Specialist, located in Montana, worked with the FWS during the year to tranquilize or trap gray wolves involved in livestock depredation cases.

The final ADC Environmental Impact Statement (EIS) was released in April 1994. The Record of Decision is nearing completion and will be published in the Federal Register as soon as the National Environmental Policy Act implementing regulations for APHIS have been finalized. Publication of these regulations in the Federal Register is expected in early December 1994.

The cooperative program for control of the brown tree snake on Guam continued in FY 1994. Program supervision was provided by the APHIS Washington State office of ADC. In addition to APHIS, the Government of Guam and the DOD are helping to fund this effort. The program's goal is to establish snake-free zones around shipping facilities by trapping and removing snakes and modifying habitat at shipping sites. The DOD provided APHIS with \$1 million to help fund brown tree snake control programs at nine military locations in Guam and Hawaii. Work under the DOD agreement began in August 1993, and continued through the end of FY 1994. Direct control methods included traps, glue boards, fencing, electrical barriers, night searches, detection dogs, reduction of prey base, and habitat modification. Over 3,000 brown tree snakes have been removed using all methods. Work is expected to continue in FY 1995.

2. Biocontrol

Euonymus Scale (ES)

Euonymus plants are versatile and attractive ornamentals grown in many parts of the United States, but are most prevalent in States east of the Great Plains. Many types of euonymus are susceptible to the ES, which is capable of killing the plant. Because these attacks are so widespread and difficult to treat, this ornamental is declining in popularity. In FY 1994, APHIS provided support to cooperators for the importation, quarantine, establishment, and release of new species of exotic natural enemies, specifically, Chilocorus kuwanae, Cybocephalus nipponicus, and species of the Encarsia and Coccobius genera. The release material originated at APHIS' National Biological Control Laboratory (NBCL) in Niles, Michigan, and was supplemented by field collection in Connecticut, Georgia, Massachusetts, and New Jersey. Over 67,000 natural enemies were released at 61 sites in 12 States. Structured release programs designed to yield more information than the standard program will be carried out by cooperators at 17 of the sites over a 2-3 year period. Another parasite species, Aphytis, sp. was cleared for release from quarantine and colonies were started at the University of Massachusetts and at the NBCL in the fall of 1994.

The 1994 ES natural enemy survey provided information on the establishment success of two ES predators at over 15 sites where these natural enemies were released in 1991-93. C. kuwanae was recovered in Georgia, Massachusetts, and Michigan and C. nipponicus was found at one location in Virginia and two sites in California. The parasites Encarsia were recovered at release sites in Massachusetts, and at one insectary site in southwest Michigan. APHIS and cooperators conducted impact/economic evaluation surveys throughout the United States. These surveys provided pre-release baseline data on infestation levels, plant health, and presence of natural enemies in the survey area.

Based on data collected in 27 States over the past 3 years, APHIS found that approximately 50 percent of the euonymus plants surveyed were infested and 20 percent were heavily infested. Other results showed that C. kuwanae is widespread along the eastern seaboard, while C. nipponicus is found at limited locations. Also, parasitic hymenoptera were found in a substantial number of samples.

Cereal Leaf Beetle (CLB)

Cooperators at the USDA-ARS European Biological Control Laboratory (EBCL) collected new genetic stock of exotic egg and larval parasite species for importation into the United States. Cooperators in North Carolina collected and provided to APHIS, eggs as a source of the egg parasite *Anaphes flavipes*. Evaluation samples from Missouri and South Carolina also yielded *A. flavipes* which were combined with stock from Europe and North Carolina for use in the rearing and release program. *A. flavipes* was increased at the NBCL before 22,000 were released at 13 sites in Idaho, Montana, Utah, and Wyoming. Cooperators in Virginia and Michigan collected parasitized larvae as sources of the three larval parasite species, *Diaparsis temporalis*, *Lemphagus curtus*, *Tetrastichus julis*. Parasitized larvae were released at one North Carolina insectary and two sites in Utah. Over 21,000 larval parasites from domestic source fields were shipped for release in FY 1994.

Evaluation surveys conducted in FY 1994 by APHIS and cooperators provided information on success to date toward establishing the CLB natural enemy complex in selected States. Based on the survey results, *A. flavipes* surpassed previous records in Missouri, Montana, and Utah. New records were also set for the larval parasite *T. julis* in Alabama, Missouri, Tennessee, and Utah. The other two larval parasite species were notably absent from any survey samples.

APHIS and cooperators conducted surveys in FY 1994 to determine the extent of CLB's spread into new areas in the United States. These surveys were conducted in response to reports of damage to small grains where no damage had occurred before and because field survey personnel were alerted that the pest may have entered their area from adjacent counties or States. Positive recoveries show that both the eastern and western populations of the pest have continued to expand their range into neighboring counties and States. States reporting this pest for the first time included Kansas, Mississippi, and Wyoming. In FY 1994, new county records were reported for the States of Arkansas, Idaho, Georgia, and Missouri, and for a total of 36 counties.

In FY 1994, cooperators in Utah and North Carolina established several additional insectaries as part of an active CLB biological control program. In Utah, APHIS continues to support two insectary sites that are being used for the colonization of larval parasite species. These sites are continuing to receive release stock.

Colorado Potato Beetle (CPB)

The fungal pathogen, *Beauveria bassiana*, has caused an unprecedented 90-percent mortality to CPB larvae in field trials conducted in the summer of 1994, and has proven to be at least as effective as parallel chemical control treatments. Research cooperators applied this pathogen directly to potato foliage in conjunction with predator releases during May and June 1994 at locations in Maryland and Virginia, and found it to be an exceedingly effective biological control agent. APHIS is linking the use of *B. bassiana* with the augmentative release of and conservation of the CPB predators *Perillus bioculatus* and *Coleomegilla maculata*.

Data from commercial fields in Virginia, Delaware, and North Dakota continue to show that releases of the laboratory-reared predator *P. bioculatus* cause significant larval mortality in an integrated pest management (IPM) program. In Massachusetts, APHIS facilitated the operational, biological control-based IPM program with augmentative releases of *C. maculata* into a system that conserves existing natural enemies. In the large potato-producing regions of Maine and the Red River Valley of North Dakota and Minnesota, researchers and growers are very interested in a Federal-State-Industry partnership to manage CPB on an area wide basis with biological control-based IPM.

Leafy Spurge (LS)

LS has taken over millions of acres of western grazing land. This aggressive, exotic perennial weed has greatly reduced the carrying capacity of the range and readily outgrows desirable native vegetation. Because of irritating chemicals in the weed, cattle and horses generally do not graze on it and they even avoid nutritious forage growing nearby. The damage costs ranchers \$35-45 million per year. Several species of flea beetles, *Aphthona* spp., are available for collection and redistribution from established populations in the United States and Canada for LS control. In FY 1994, APHIS collected nearly 1.3 million beetles in the United States for redistribution to new locations. This significant increase from FY 1993 is indicative of the extent to which field populations of *Aphthona* have increased since FY 1993. Insects were released at field insectary sites at 127 locations in 16 Midwest and Western States. In cooperation with State departments of agriculture and other State and Federal cooperators, previous flea beetle release sites now show significant LS reduction. APHIS has designed studies to provide information on technology transfer and how to manage LS using alternatives to chemical control.

Diffuse and Spotted Knapweed

Diffuse and Spotted Knapweed are serious pests of pastures and rangeland in the western United States and Canada, with 25 knapweed species currently found in North America. To combat these weeds, APHIS is involved in redistributing biological control agents throughout weed-infested States and currently employs several insect species in this effort. Through cooperative efforts with scientists in Europe, APHIS successfully collected and cleared through quarantine, seven species of biological control agents for knapweeds in FY 1994. These insects were shipped to 23 counties in 9 States, where 22,800 imported natural enemies were released. Also, the collections from APHIS insectaries of six insect species now established in the United States provided insects for redistribution to knapweed infested areas. The releases are for the establishment of field insectary sites on public lands for redistribution of natural enemies in the respective States. Once these insectary sites are fully functional, individual State Department of

Agriculture and County weed boards will make distribution to lands managers and private owners. Altogether, slightly more than 70,000 insects were collected domestically, redistributed, and released at 39 locations in 13 States. The promising complexes of approved biological control agents for knapweeds include insects that feed on the foliage, eliminate seed production, and destroy roots.

3. Boll Weevil

Central Eradication and Suppression Program (formerly High Plains Boll Weevil Control Program)

The Central Eradication and Suppression program treated about 1,080,000 acres in FY 1994, compared to about 1,357,000 acres treated the year before. The program succeeded in protecting over 3 million acres of weevil-free cotton on the High Plains of West Texas and New Mexico in FY 1994. In the Southern Rolling Plains, eradication activities began in July 1994 with a total of 825,169 acres treated. APHIS participated in this program expansion by providing technical expertise and 50 percent of the funds for capital equipment. In addition, APHIS began preliminary planning for the eradication program proposed to start in the lower Rio Grande Valley in FY 1995. These programs used a satellite navigation and guidance system for aircraft treatment, significantly reducing the need for ground personnel.

Southeast Boll Weevil Eradication Program

The southeast eradication program continues to be successful. In FY 1994, eradication was confirmed in south Alabama, Florida, and most of Georgia. Northeastern Alabama entered its second full season of program activity, while northwestern Georgia and central Alabama entered the first full season of program activity. Early in the fall of 1994, the remaining areas of northern Alabama, along with adjacent areas of Mississippi and Tennessee, joined the expanding program.

The cooperative eradication program involved approximately 2,357,000 acres. Approximately 1.9 million of those acres in Georgia, Florida, Virginia, North Carolina, South Carolina, and southern Alabama, are in the post-eradication phase. The cumulative number of acres treated in 1994 was 3,573,833, which is substantially higher than the 1,528,101 acres treated in 1993. The increase was due to expansion into new areas in northern Alabama, Mississippi, and Tennessee, and unusually high weevil populations in adjoining, nonprogram areas.

	<u>1992</u>	<u>1993</u>	<u>1994</u>
Total acres treated	390,945	1,528,101	3,573,833
Total weevils trapped	153,347	1,489,038	1,330,253

Southwest Boll Weevil Eradication Program

In FY 1994, post-eradication activities continued in southern California, Arizona, and New Mexico. Treatments were applied to cotton in three areas of northern New Mexico. In Mexico, a total of 1,605 acres were treated in Mexicali, 850 in Sonoita, and 4,917 in Caborca. As weevils are eliminated in these three areas of Mexico, the risk of reinfestation in Arizona and California decreases. In addition, APHIS maintained surveillance activities in Mexico to ensure that the boll weevil does not re-infest eradicated areas.

	<u>1992</u>	<u>1993</u>	<u>1994</u>
Total acres treated	472,000	384,000	7,372
Total weevils trapped	1,346	2,448	2,463

4. BrucellosisBovine

In FY 1994, APHIS protected the cattle and swine industries, estimated to have a combined value of \$70 billion, from brucellosis at an estimated cost of \$31 million. It is estimated that if there were no program, losses in the cattle industry alone could exceed \$900 million within 10 years. Of the total beef and dairy cattle in the United States, 43 percent are located in Class Free States and the remaining 57 percent are in Class A States.

At the end of FY 1994, 32 States, as well as the District of Columbia, Puerto Rico, and the Virgin Islands, were in Class Free status. Eighteen States were in Class A status. In March 1994, Texas, the last Class B State, advanced to Class A status. California did attain Class Free status during FY 1994, but later reverted to Class A when two infected herds were found in the Chino valley area. Four Class A States are presently in the qualifying period for Class Free status and are expected to reach that status in FY 1995. Six additional States, each with less than five known affected herds, are expected to enter the qualifying period for Class Free status during FY 1995.

The table below shows data for FY 1993 and FY 1994 in various brucellosis categories. Of the 15.7 million cattle tested for brucellosis in FY 1994, 3.4 million were sampled through herd tests on farms or ranches, and 12.3 million were tested under the Market Cattle Identification (MCI) program. Of the 12.3 million cattle tested under the MCI program, 7 million samples were collected at slaughter plants and 5.3 million were collected at stockyards.

Category	FY 1993	FY 1994	Difference	%Change
Herds Under Quarantine for Brucellosis	283	172	-111	-39%
Number of Cattle Tested for Brucellosis	14,400,000	15,700,000	1,300,000	9%
Number of Reactors	16,746	13,000	-3,746	-22%
Number of Reactor Herds	601	442	-159	-26%
Number of Calves Vaccinated	7,000,000	7,600,000	600,000	9%

Of the estimated 442 reactor herds found in FY 1994, 240 or 54 percent were located in Texas. The States of Arkansas with 12 reactor herds, Florida with 41, Georgia with 9, Kansas with 58, Louisiana with 26, Mississippi with 20, and Tennessee with 12, together represent 40 percent of the national total. Iowa, Oklahoma, South Dakota, Nebraska, Alabama, Kentucky, Colorado, New Mexico, and California contain the remaining 24 herds (6 percent). As the number of infected

animals and herds decreases, it is vital that the testing of cattle increases, so that a strong monitoring and surveillance program is maintained.

At the end of FY 1994, 7 dairy herds were under quarantine in the United States, with 1 of these in Kansas, 2 in Texas, New Mexico, and California. A task force made up of APHIS personnel, State employed veterinarians, and livestock inspectors in California's Chino Valley was reestablished in FY 1994 to deal with the two infected herds recently detected in the Chino Valley area.

A committee with representatives from the Interior Department, Forest Service, and the State of Montana continued to work on an Environmental Impact Statement on the brucellosis problem in the greater Yellowstone National Park area. APHIS continued to provide technical advice and options for eliminating brucellosis from the park. The Greater Yellowstone Interagency Brucellosis Committee (GYIBC), formed by the Governors of Idaho, Montana, and Wyoming, is developing a brucellosis eradication plan, the goal of which is to eliminate brucellosis from the Greater Yellowstone Area by the year 2010.

In FY 1994, the Montana Game and Fish Department intercepted 46 bison as they were leaving Yellowstone National Park. This was done to prevent possible exposure of domestic livestock and other susceptible animals to brucellosis. Serological tests were performed on three of the bison by Montana's diagnostic laboratory, each of which was negative.

The Agency continued to support the vaccination of elk calves on 13 Wyoming feeding grounds. A total of 1,359 elk calves were vaccinated in FY 1994. This project is designed to improve the elk's habitat to reduce their dependency on feed grounds. Funding was also provided for research at Texas A&M University on the transmission of brucellosis through embryo transfer.

A total of 49 herds in 9 States were depopulated because of brucellosis in FY 1994, including 2,005 animals. Depopulation continues to be the preferred method of handling infected herds under the Rapid Completion Plan (RCP). FY 1994 marks the fifth year of operation under the RCP.

Swine Brucellosis

The State-Federal-industry cooperative Swine Brucellosis (SB) eradication program is swiftly approaching its goal of complete eradication by December 1996. On March 17, 1994, the program received a much needed emphasis on depopulation of infected herds when APHIS amended the brucellosis indemnity regulations by issuing an interim rule providing for payment at fair market value for whole herds of swine depopulated because of brucellosis. An important reason to provide full indemnification was to prevent workers at a North Carolina packing plant from continuing to experience human brucellosis outbreaks as a result of contact with infected hogs.

At the time the interim rule was published, there were 34 infected herds. Of these, 88 percent are located in Florida and Texas, while the remaining 12 percent are in Mississippi, Louisiana, Oklahoma, and South Carolina. As of November 1994, there are only 4 infected herds in Arkansas, Florida, and Texas. Since implementation of the new rule, there have been about 44 herds depopulated (by rendering, incineration and/or burying, or slaughter, depending on the situation). All but one of the original infected herds have been depopulated.

APHIS' goal in FY 1995 is to increase surveillance in high risk areas to identify every infected herd so that depopulation can occur within 30 days of discovery. Because of this rule change, it appears likely that the goal of freedom from swine brucellosis by 1996 is achievable.

5. Cattle Ticks

The cattle tick program is a cooperative Federal-State-industry effort to prevent the re-establishment of the cattle fever ticks, Boophilus annulatus and B. microplus in the United States; to maintain a permanent buffer zone along the Texas-Mexico border; and to eradicate the tropical bont tick, Amblyomma variegatum, and the cattle fever tick, B. microplus, from Puerto Rico and the U.S. Virgin Islands.

In the continental United States, the program is concentrated along the Texas-Mexico border, where the Rio Grande serves as a natural barrier. During FY 1994, tick infestations were controlled through the use of a permanent quarantine zone, with systematic patrols and inspections carried out by health inspectors on horseback. All livestock crossing the border and entering or leaving the quarantine zone were examined and treated for ticks in order to prevent cattle ticks from becoming established in the United States. As a result of this cooperative effort, cattle ticks have not become established beyond the original quarantine line which has been in place since 1936. At the end of FY 1994, there were thirty infested premises under quarantine. Twenty-one of these were in the tick eradication quarantine zone and nine were in the free zone. This compares with only ten infested premises under quarantine at the end of FY 1993. This increase is most likely the result of recurring infestations due to the movement of wildlife, especially exotic game and white-tailed deer, and the identification of additional infested premises through tracebacks of affected animals. New eradication technology is being tested to resolve the problem of recurring infestations due to wildlife movement. All infested premises have been placed under quarantine and the livestock have been dipped, reinspected, and vacated from their infested pastures.

The tropical bont tick, A. variegatum, was first discovered in St. Croix, U.S. Virgin Islands in 1967 and subsequently in Puerto Rico in 1974. Although believed eradicated in FY 1991, the pest was rediscovered in Puerto Rico in FY 1992 and on St. Croix in FY 1993. The premises involved in the Puerto Rico infestation have been released and the island again is free of the tropical bont tick. The affected premises in St. Croix remain under treatment with no new reported infestations.

In FY 1994, progress in the Puerto Rico cattle fever tick eradication program remained about the same as last year. There has been little change in the total number of bovines pending treatment.

6. Golden Nematode (GN)

Altogether in FY 1994, new infestations of GN were detected in seven fields totaling 130 acres, all within regulated areas in New York. New York now regulates about 5,100 acres that have been infested with GN. State regulations require the use of resistant varieties on land that has been or is currently infested with GN. In addition, potato growers in non-infested areas continued to increase the voluntary use of resistant varieties.

7. Grasshopper and Mormon Cricket

APHIS treated 91,046 acres in FY 1994, as compared to 85,000 in 1993. Each fiscal year, APHIS conducts surveys in all States west of the Mississippi River and develops a rangeland outlook map for distribution to cooperators. In the late summer and fall of 1994, the program conducted cooperative grasshopper adult surveys on rangeland. These surveys are designed to show how many grasshoppers infest rangeland areas and indicate the potential severity of the infestations for 1995. The surveys indicated that a possible 33.1 million acres have the potential for economic infestations (eight or more adult grasshoppers per square yard) that may require treatments in the spring of 1995. This compares to 15.9 million acres based on similar surveys conducted in 1993 and 28.0 acres for the surveys conducted in 1992. Nymphal surveys made on rangeland in the spring of 1995 after egg-hatch will determine population densities and areas where grasshopper control may be needed.

APHIS continues to improve the HOPPER computer software program that is being used by Federal and State land managers and county agents to facilitate decisions on grasshoppers control techniques.

The Agency is continuing to work with a private company to obtain registration from EPA for an endemic plant pathogen *Beauveria bassiana*. This will likely be accomplished by February 1995 and will facilitate extensive field testing to ensure that the pathogen can be used effectively in the field by the summer of 1996. In addition, the Agency completed field work on the development of Dimilin, an insect growth regulator, for use in grasshopper control activities on rangeland.

The APHIS Biological Assessment and Technical Support Staffs reviewed the organism *Scelio spp*, *Entomophaga praxibuli*, to evaluate its use as a grasshopper control tool. However, because of concerns raised by the University of Wyoming, it was decided that the Department's Agricultural Research Service would need to conduct additional research before the organism would be allowed to be released.

The following table shows the number of acres treated in FY 1994 to protect rangeland and cropland:

STATE	RANGELAND	CROPLAND	TOTAL
Colorado	496	0	496
Idaho	28,466	6,326	34,792
Nevada	1,713	0	1,713
North Dakota	2,387	0	2,387
Oregon	23,416	0	23,416
Utah	10,335	0	10,335
South Dakota	4,543	0	4,543
Washington	0	4,878	4,878
Wyoming	8,486	0	8,486
TOTAL	79,842	11,204	91,046

The number of acres treated in a particular State can vary significantly from one year to the next. The extent of treatment depends not only on the grasshopper population variance in that State, but also on whether or not land managers in the State request such action. Therefore, a large increase in the number of acres treated in a particular State does not necessarily indicate a corresponding escalation in the grasshopper population in that State.

The following table shows the number of rangeland acres infested by grasshoppers by State based on the 1994 surveys:

STATE	FEDERAL	NON-FEDERAL ^{1/}	TOTAL
Arizona	52,000	37,000	89,000
California	3,000	29,440	32,440
Colorado	41,820	1,627,480	1,669,300
Idaho	191,000	44,700	235,700
Kansas	10,880	206,720	217,600
Montana	2,280,500	4,239,500	6,520,000
Nebraska	388,000	14,496,000	14,884,000
Nevada	1,056,170	270,110	1,326,280
New Mexico	80,763	184,257	265,020
North Dakota	65,453	110,651	176,104
Oklahoma	39,210	3,743,907	3,783,117
Oregon	318,380	515,160	833,540
South Dakota	316,556	1,751,699	2,068,255
Texas	0	203,250	203,250
Utah	118,300	18,150	136,450
Washington	7,140	22,385	29,525
Wyoming	110,703	552,524	663,227
TOTAL	5,079,875	28,052,933	33,132,808

^{1/} Includes privately-owned and State-owned acres.

8. Gypsy Moth (GM)

The program continued activities in FY 1994 to prevent the establishment of isolated populations outside of the generally infested area by preventing the artificial, long distance movement of GM life stages to uninfested areas. This was accomplished by regulating the movement of logs, mobile homes, nursery stock, and outdoor household articles (OHA) from infested areas and eradicating small, isolated infestations. In FY 1994, the Agency successfully treated 33 small, isolated infestations.

APHIS cooperates with State agricultural inspectors to conduct inspections and certify shipments of non-OHA that are regulated. Due to the large number of household moves out of the generally infested area

(estimated to exceed 250,000 per year), self-inspection is allowed to supplement State and Federal resources for the regulatory control of OHA movement. In September 1994, APHIS revised its regulations to focus more resources--including the use of APHIS-trained, State-certified pesticide applicators operating under compliance agreements--on OHA regulation. APHIS also conducts GM trapping and survey activities in the uninfested portions of the United States to detect isolated populations.

Since FY 1991, APHIS has been involved in two large emergency projects designed to eradicate exotic introductions of the Asian Gypsy Moth (AGM). AGM is considered to be potentially more dangerous than GM due to several behavioral differences, including female moth flight capability (increased risk of spread) and a wider host range for the larval stage (increased defoliation and damage). In response to AGM introductions from the Russian Far East into Oregon and Washington in FY 1991, a 3-year eradication project was implemented and successfully conducted. A declaration of eradication is expected in the first quarter of calendar year 1995. A second AGM introduction from Europe occurred in the summer of 1993 in North Carolina. The first year of this eradication project was recently successfully completed and involved the treatment of almost 140,000 acres and the trapping of 1,600 square miles. This project is expected to cost approximately \$9 million over a 3-year period.

9. Honey Bee Pests

In FY 1994, APHIS assisted the States of Arizona and California and the Commonwealth of Puerto Rico in establishing and relocating trap lines. The Agency also provided the Africanized Honey Bee (AHB) identification equipment previously used in the Harlingen, Texas, laboratory to Puerto Rico and helped establish the laboratory for morphometric identification there. APHIS provided technical assistance to Oklahoma, Louisiana, and Puerto Rico in developing their management plans, loaned identification lenses to California, and provided technical assistance to Arizona, California, Louisiana, Oklahoma, and Puerto Rico in all aspects of field, laboratory, and public information. APHIS chaired the USDA Interagency technical working group for the AHB. Also, the Agency coordinated information transfer between Canada and the States of California, Florida, Louisiana, Mississippi, and Texas regarding varroa infestations and recommended treatments. The honey bee pest program was incorporated into the Miscellaneous Plant Diseases line item in FY 1995.

10. Imported Fire Ant (IFA)

APHIS completed an environmental assessment of the use of Tefluthrin in the IFA regulatory program in FY 1994. The Agency then published regulations approving its use in potting mixture for potted plants. This treatment provides nursery operators with another option for shipping plants out of the regulated area. In addition, based on recent survey results, APHIS added to the regulated area in FY 1994 a total of 47 counties in the following States: Arkansas, Georgia, Mississippi, North Carolina, Oklahoma, South Carolina, and Tennessee. APHIS also is funding several projects with the University of Arkansas at Monticello, including an economic assessment of the IFA, a review of biocontrol organisms, and public information videos.

11. Miscellaneous Plant Diseases

In the international arena, APHIS facilitated surveys for several agricultural pests by offering technical advice to countries throughout the Caribbean, Central America, and Mexico. In FY 1994, APHIS conducted surveys for brown citrus aphid and citrus tristeza in the Caribbean.

Selected examples of recent domestic program activity include:

Brown Citrus Aphid (BCA)/Citrus Tristeza Virus (CTV)

BCA, which is the most efficient vector of CTV, has been found to be established in Puerto Rico, the U.S. Virgin Islands, the Dominican Republic, and Haiti. CTV causes three different disease conditions in citrus. The mild type, known as "Mexican lime vein clearing" type, is found in Puerto Rico. The moderate type, known as the "quick decline" type, is present in California and Florida. The third disease condition, known as the "severe stem pitting" type, is found in Bermuda.

In FY 1994, APHIS met with representatives from the Extension Service and the citrus industry as well as the State Departments of Agriculture in Texas and Florida to assist these States in developing action plans for BCA control, if they are needed. APHIS informed the States about quarantine regulations and held planning meetings about possible management strategies that the States could consider if the pest is introduced into their States. In July 1994, APHIS personnel in Puerto Rico provided training to representatives from Texas on identifying the pest and developing biological control mechanisms to combat BCA.

Japanese Beetle

The Japanese beetle program has two components. One is the regulation of airports with high incidence of Japanese Beetle to prevent the pest's spread to noninfested areas. The other involves APHIS working with other Federal agencies and foreign countries to implement a regulation harmonization plan. In FY 1994, the Agency treated airplanes at the Standiford Field Airport in Kentucky, Wright-Patterson Airport in Ohio, McGuire Air Force Base in New Jersey, Dover Air Force Base in Delaware, Philadelphia International Airport in Pennsylvania, and Rickenbacker Air Force Base in Ohio. In March 1994, Canada approved the Japanese beetle harmonization plan, which establishes the harmonization of regulatory activities between the United States and Canada. However, this plan is subject to revision as needed by joint agreement. Also, the program is exploring the use of biocontrol integrated pest management strategies to reduce pest risk at regulated airports.

12. Noxious Weeds

This program prevents the entry of noxious weeds into the United States from foreign countries. Under the provisions of the Federal Noxious Weed Act of 1974, APHIS works with State and local agencies to detect and prevent newly found or not-yet widely established weeds from damaging U.S. agriculture. In FY 1994, program methods included port-of-entry inspections, weed identification, detection, and delimiting surveys. The program is also developing a new weed policy to address non-indigenous weed infestations that affect non-agricultural areas. During FY 1994 APHIS continued control efforts directed at goatsrue in Utah, hydrilla in the Imperial Valley of California, *Salsola vermiculata* in California, and *Orobanche ramosa* in Texas.

13. Pink Bollworm (PBW)

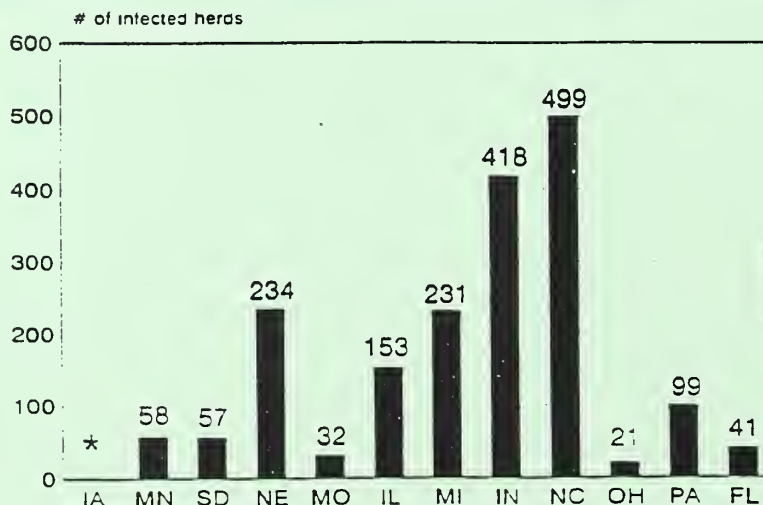
The PBW cooperative program trapped 201 non-sterile moths in the San Joaquin Valley of California during the 1994 season. Under the survey and quarantine enforcement part of the program, Missouri, Tennessee, and Arkansas remained on the list of quarantined States in FY 1994. In FY 1994, APHIS trapped four PBW in Louisiana. APHIS is conducting a pest risk assessment to determine if PBW has reached its ecological range in the United States. This study will also help to determine if a quarantine is needed in the southcentral and eastern cotton-growing areas where PBW is trapped sporadically from year to year.

The program released 915 million sterile moths in 1994 compared to 833 million in 1993. In FY 1994, an average of 7.25 million sterile moths were released per day (157 shipping days), with the highest release ever in a day of 10.4 million moths during May 1994. APHIS produced 1.2 billion sterile moths at the moth rearing facility in Phoenix, Arizona. The new rearing facility produced at 1.5 times the capacity of the old facility. The pupal collection was at the highest level ever. The moth collection efficiency improved 3 percent over the old facility. Production in the new facility began in January 1994, with movement of equipment from the old facility completed in January 1995.

14. Pseudorabies Virus (PRV)

Twenty-six States progressed to the next stage in the national pseudorabies eradication program during FY 1994, and 13 States (Alaska, Connecticut, Idaho, Maine, Mississippi, Montana, New Mexico, New York, North Dakota, Oregon, Utah, Washington, and Wyoming) advanced to Stage V (Free) status. Five States are in Stage IV. These States have no infections, but must remain in Stage IV for 1 year before applying for Stage V status. Twenty-six other States are in Stage III or have areas in Stage III. Stage III States/areas have only a low incidence of pseudorabies. All States including Iowa have progressed in their eradication programs, and the number of infected hogs in these States has been decreasing since June 1990.

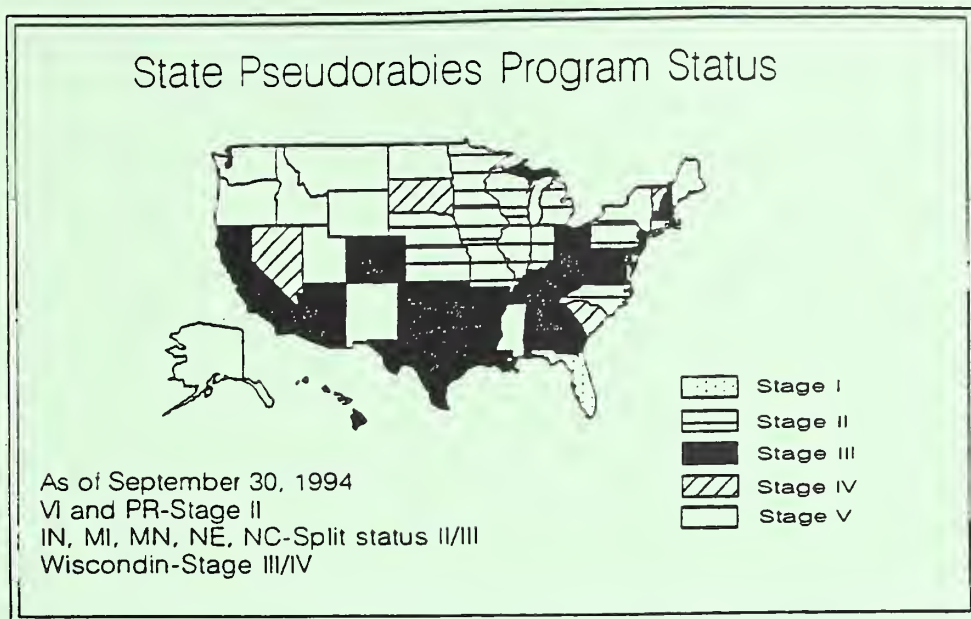
Pseudorabies States with Infected Herds



* Iowa reported 3,771 infected herds

** The following States have infected herds of 20 or less: WA, OR, CA, NV, IS, MT, WY, UT, CO, AZ, NM, TX, OK, KS, ND, WI, AR, LA, MS, AL, TN, KY, WV, VA, GA, MD, DE, NJ, CT, RI, MA, NY, VT, NH, and ME

The United States now has its lowest level of infected herds since the pseudorabies program began in 1988. Pseudorabies-free swine herds play a crucial role in helping our nation's swine industry become a major player in the international pork trade.



In FY 1994, Ohio State University conducted a benefit-cost analysis of the National Pseudorabies Eradication program. A significant finding was that the majority of benefits derived from the PRV eradication program accrue to consumers of pork products rather than to pork producers. This comes about because of the reduced price of pork and the increased quantity of pork available at lower prices. The analysis also found that a benefit-cost ratio of 2.21 could be attained, provided that eradication is achieved quickly through an accelerated program.

APHIS participated in various studies in Georgia, Florida, Texas, and California to determine what role, if any, feral swine play in PRV eradication from domestic swine. In addition, the Agency has been involved in risk analysis studies and negotiations to enhance international trade of live swine and/or pork products. Also in FY 1994, APHIS sponsored a national training program to provide essential information for all regulatory officials working with the pseudorabies eradication program, in addition to regional training programs that focused on specific State needs. New biotechnology advancements are continually being monitored and employed when appropriate to improve the program. The Agency continued to work with allied organizations such as practicing veterinarians, National and State pork producer organizations, American Farm Bureau, State regulatory officials, swine slaughter and meat processing industries, universities, and cooperative extension services to discuss joint eradication projects.

15. Russian Wheat Aphid (RWA)

In FY 1994, APHIS continued to implement a biological control program against RWA by importing, rearing, releasing, and evaluating exotic natural enemies. The APHIS biocontrol activity was one component of a larger multi-agency IPM program conducted in cooperation with other Federal and State agencies. Specifically, the Agency successfully recovered previously released exotic natural enemies and began implementing new release methods and initiating project evaluation. Field personnel made significant recoveries of three RWA parasite species at past release sites in ten States which mark the first major domestic recoveries of important exotic biocontrol agents. APHIS supported cooperators who conducted intensely managed releases in California, Colorado, Idaho, and Wyoming. Field personnel will use the knowledge gained from these releases to improve release efforts in the other States. In total, about 1.9 million parasites and 460,000 predators were released in eleven States in FY 1994. University and USDA-ARS cooperators began to evaluate the biological impact of RWA natural enemies in Colorado, Idaho, Oklahoma, Texas, and Washington. APHIS also enlisted an agricultural economist to develop a plan to collect economic data and create an economic evaluation model.

An economic report completed in September 1994 at Texas A&M University indicated that the RWA is still a serious threat to the nation's cereal industry. During the 1991-1992 growing season, the direct and indirect losses were estimated at \$182 million. This figure is 15 times greater than the losses estimated for the 1990-1991 season. The total loss attributed to RWA is now more than \$850 million since 1987. The RWA program was incorporated into the biological control (biocontrol) line item for budget purposes in FY 1995.

16. Scrapie

Scrapie continues to cause significant financial losses to sheep and goat producers across the country. Historically, it has resulted in losses of approximately \$2.5 million annually.

During FY 1994, there were 45 confirmed scrapie cases. Two of the flocks in which the 45 confirmed cases occurred had an earlier case diagnosed. In FY 1994, 35 flocks entered the Voluntary Scrapie Flock Certification Program (VSFCP). The purpose of the program is to monitor participating flocks for 5 years or more and to identify those flocks free of scrapie. As of October 1, 1994, a total of 64 flocks were enrolled in the VSFCP. Of these, one goat herd is certified as not having had scrapie for at least 5 years, six flocks have advanced to class B status, and 57 flocks or herds are at the entry level.

APHIS supported two cooperative scrapie research projects during FY 1994. The first was a cooperative effort between the Scrapie Investigation Center at Mission, Texas, and Utah State University to determine if embryo transfer provides a means of preventing scrapie transmission in sheep and goats. The second project was with the New York Institute for Basic Research, where scientists are working to develop a preclinical diagnostic test. Currently, no procedure is available to identify scrapie-infected animals before clinical signs appear.

17. Sweet Potato Whitefly

Since 1986, SPW has caused over \$1 billion in economic losses in the United States and the pest is still extending its range northward in the California Central Valley. Additional species of parasites and predators were imported from Mediterranean Europe, the Middle East, the Far East, and South America to stop this spread. Thirty-six species and strains of SPW natural enemies are now in culture at the APHIS Mission Biological Control Laboratory (MBCL) in Texas. In 1994, MBCL produced 6.5 million natural enemies and made 1,054 shipments. APHIS refined its methods so that parasites can now be produced routinely in 100 square-foot field insectary cages at an average rate of 40,000 cages per week. Production in environmental chambers, however, still fluctuates widely.

Twelve exotic species of parasitic wasps (*Encarsia* and *Eretmocerus*) were released in the Lower Rio Grande Valley of Texas. Of these, three were detected in post-release samples, and one spread rapidly out from the release site. In the Wintergarden area of Texas an introduced exotic species was recovered in large numbers, and in the Imperial Valley of California seven parasite species were released, of which two were subsequently recovered. Four exotic and two native species were evaluated in controlled field experiments at MBCL. During tests of the Nile Delta strain of *E. formosa* against SPW on tomato and poinsettia in greenhouses in the northeastern region, university cooperators reported grower satisfaction to be generally high. A mixed infestation of SPW and greenhouse whitefly on tomatoes was suppressed in one poinsettia crop and weekly applications of two *E. formosa* per plant were accompanied by a 24x diminution of the SPW population. The relative importance of three indigenous predators of whitefly eggs was determined using a monoclonal antibody test. The population dynamics of SPW and six native species of parasites was studied on diverse crops and weeds in the lower Rio Grande Valley.

18. Tuberculosis (TB)

As of September 30, 1994, 42 States and the U.S. Virgin Islands were in accredited-free status. Louisiana and New York gained accredited-free status in FY 1994. Virginia's accredited-free status was suspended. Eight States, specifically California, Kansas, Pennsylvania, New Mexico, North Carolina, Oklahoma, Texas, and Virginia, are in modified accredited status, as is the Commonwealth of Puerto Rico.

Since FY 1985, a total of 109 tuberculous herds have been detected, of which 81 or 74 percent, have been depopulated. Nineteen herds have been released from quarantine during this period or are still being tested, and nine remain under quarantine.

At the beginning of FY 1995, there were 11 confirmed infected herds quarantined for TB. Five of these were carried over from previous fiscal years, and six were newly detected in FY 1994. The newly detected herds include two beef herds in Virginia, one beef and one dairy herd in Texas, one dairy herd in Puerto Rico, and one dairy herd in the New Mexico portion of the El Paso milkshed. Two of the 11 herds, specifically the beef herd in Texas and one of the beef herds in Virginia, have been depopulated.

Since January 1, 1991, TB has been confirmed in 29 captive cervid herds located in 15 States: Colorado, Montana, Idaho, Nebraska, New York, Indiana, North Carolina, South Carolina, Virginia, Missouri, Oklahoma, Texas, Wisconsin, Pennsylvania, and Vermont. Of the 29 herds, 10 were

depopulated by the owners without compensation, 11 remain under quarantine and are still being tested, and 8 have been tested and released.

In May 1994, the Bovine Tuberculosis Eradication Uniform Methods and Rules (UM&R) were amended to include Cervidae species. These rules provide for accredited standards for cervid herds, official tuberculosis tests, and requirements for interstate movement.

In FY 1994, APHIS finalized a rule that bans the importation of Holstein steers and spayed heifers from Mexico. This rule, as well as the initiation of the Mexican national tuberculosis eradication program, has resulted in a decrease in the number of tuberculosis cases seen in Mexican imports from the previous 2 years. In FY 1992, 5.3 cases of TB were reported per 10,000 imports. The reported incidence fell to 4.39 cases per 10,000 imports in FY 1993, and further declined to 3.44 cases per 10,000 imports in FY 1994. APHIS has also finalized a rule recognizing the Mexican blue metal eartag as the official permanent identification for imported Mexican cattle.

Federal meat inspection personnel provided valuable support by submitting a total of 78 official Mexican eartags from tuberculous cattle found at regular slaughter. These eartags allow APHIS to establish a steer's place of origin and other movement that may have resulted from the sale of the cattle. Animal health officials in Mexico report that procedures have been implemented that will permit official eartags to identify the specific farm of origin. This substantially increases the likelihood of successful tracebacks in the future and provides new incentives for promoting official identification collection from all slaughter lots containing "M" branded cattle.

APHIS continued to support ongoing bovine tuberculosis research programs with Colorado State University, Cornell University, Iowa State University, and Texas A&M University. APHIS provided diagnostic specimens and reagents to the Universities.

In support of Mexico's bovine tuberculosis eradication efforts, APHIS participated in cooperative training programs focusing on epidemiologic case development, post-mortem inspection, and field testing. APHIS also provided the Mexican Government and industry groups with technical seminars and site visits concerning the eradication of bovine tuberculosis.

19. Witchweed

In FY 1994, APHIS continued to progress toward ending direct involvement in the witchweed program. Since the program began in 1957, APHIS has eradicated witchweed from approximately 410,000 acres, and 24 of 39 counties have been released from quarantine. There are now 22,400 remaining infested acres in North Carolina and 5,300 in South Carolina.

ANIMAL CARE

Current Activities: Under legislation first enacted in 1966 and amended several times thereafter, APHIS carries out activities designed to ensure the humane care and handling of animals used in research, exhibition, the wholesale pet trade, or transported in commerce. Primary emphasis is placed on inspection of facilities, records, investigation of complaints, reinspection of problem facilities, and training of inspectors.

Regulations supporting the Animal Welfare Act (AWA), which appear in 9 CFR, Chapter 1, Subchapter A, Parts 1-3, provide minimum standards for the handling, housing, feeding, transportation, sanitation, ventilation, shelter from extreme weather and veterinary care of regulated animals. Birds, laboratory rats, and laboratory mice are currently excluded from these regulations.

APHIS performs preclicensing inspections because, according to statute, applicants must be in full compliance with AWA regulations and standards before a license is issued. After a license has been issued, program personnel perform unannounced compliance inspections and reinspection to verify continued compliance. By law, APHIS is also required to inspect all registered research facilities at least once a year. If violations discovered during a compliance inspection remain uncorrected at the time of the reinspection process, APHIS documents them for possible legal action.

The program also conducts unannounced inspections of in-transit carriers and in-transit intermediate handlers to ensure humane care and handling of animals under their custody, and especially to ensure that adequate care is provided when delays in transporting are involved. Registrants must refuse animals if the shipper does not meet regulatory standards. Inspectors carry out their inspections at major airports as resources allow, concentrating their efforts on times when animals are present.

The Pet Protection Act enacted as part of the Farm, Agriculture, Conservation and Trade Act of 1990 sets specific holding periods for animals in public or private pounds or shelters and requires certification that the holding period has been met. The final regulations for this Act were published in the Federal Register on July 22, 1993.

APHIS also administers the Horse Protection Act (HPA) of 1970 which prohibits the showing, sale, auction, exhibition or transport of sore horses. Sponsors and/or management of shows, sales, auctions and exhibitions have statutory responsibility under the HPA to prevent unfair competition, and must identify sore horses to prevent their exhibition, sale, or use.

APHIS inspectors monitor shows and sales for compliance and oversee an industry self-regulation system known as the Designated Qualified Person (DQP) program which is the primary means of detecting sore horses. Horse Industry Organizations (HIO) maintaining certified DQP programs participate with APHIS in yearly DQP training seminars and refresher clinics. APHIS reviews regulatory policy, procedures, and methods of inspection in consultation with representatives of the horse industry throughout the year in order to maintain and strengthen training programs. DQP's are evaluated for their compliance with all provisions of the HPA regulations.

Selected Examples of Recent Progress:

1. Animal Welfare

APHIS continued its efforts to increase both the quality and efficiency of Animal Welfare Act inspections in FY 1994. Because of the need to maintain inspectors at priority locations of the country while meeting higher pay costs, maintain older vehicles and keep computer equipment working, it was necessary to curtail individual training and restrict overnight travel in FY 1994. At the present time, 93 cents of every program dollar is spent to cover basic salary, personnel benefits, and travel costs for program personnel in the conduct of inspections and investigations.

APHIS is presently drafting proposed regulations for farm animals used for non-agricultural purposes. Also, the Agency is implementing a negotiated rulemaking procedure to review and revise standards for marine mammals. Information is now being collected for future review and revision of the standards for zoo animals. Due to favorable Appellate Court decision in May and July 1994, the Department is not required to develop standards for rats, mice, and birds at this time, nor to revise the standards for dogs, cats, and nonhuman primates.

2. Horse Protection

In FY 1994, APHIS monitored and inspected horses that participated in horse shows and sales conducted by five USDA-certified and unaffiliated horse industry organizations (HIO's).

In order to incorporate safeguards against the continuation of soring, APHIS developed and implemented formal inspection guidelines in FY 1994. These guidelines, which will be equilaterally directed and enforced by USDA and HIO inspectors, contain detailed horse inspection examination procedures, and include an examination checklist and notification ticket for alleged HPA violators. In addition, a previous scar rule proposal has been developed as a regulatory change regarding the presence of scars on horses. APHIS expects to publish the proposed rule for public comment in FY 1995. The agency believes this regulatory change will improve the quality of inspections by USDA veterinarians and DQP's.

In FY 1994, APHIS carried out a Congressional mandate to incorporate the use of infrared thermography in the HP program. The Agency recently contracted with infrared manufacturers for the procurement of cameras and the delivery of formalized training of program personnel. APHIS has sought the cooperation of HIO's in incorporating this technology into the current program methods, and will work closely with them in order to carry out the directive in FY 1995. Certified infrared training for a portion of APHIS personnel has been completed, and field implementation is currently being developed for FY 1995. The results of their use in FY 1995 will subsequently be evaluated to decide whether their use should be continued, expanded, or reduced.

SCIENTIFIC AND TECHNICAL SERVICES

Current Activities: APHIS conducts programs to develop new or improved methods for reducing wildlife/agriculture conflicts, controlling or eradicating harmful plant pests, and applying new technology to assure that the latest genetically engineered viral vaccines are pure, safe, potent, and effective. Additionally, the Agency conducts laboratory testing programs to support disease and pest control and/or eradication programs. Specific program efforts include:

Methods development. ADC methods development activities include: a program to develop blackbird damage-resistant sunflower strains; techniques for control of mountain beaver damage to western forests; methods to reduce rat damage to sugarcane and macadamia nuts, for reducing cormorant depredations of catfish, to improve single-dose bait consumption by coyotes, to further develop and validate analytical methods of chemical analysis, to register and reregister chemical compounds that are used for small mammal, bird, and predator control, and for taste aversion.

Biotechnology: Biotechnology has emerged as a force with the potential to improve existing products and spawn new technologies which could benefit agriculture as well as the general U.S. economy. Under its broad authority to protect plant and animal health, the Department has established a regulatory structure for bringing the benefits of genetic research from the laboratory to the marketplace, while protecting against the release of potentially harmful organisms into the environment.

Laboratory testing. The program for testing veterinary biological products is expanding to encompass testing for licensure of products destined for intrastate as well as interstate use, and the testing of genetically engineered products. The veterinary diagnostics program continues to conduct testing in support of the Agency's animal disease prevention, detection, control, and eradication programs. In FY 1993, APHIS began collecting user fees for this program.

Selected Examples of Recent Progress:

1. ADC Methods Development

In FY 1994, the Denver Wildlife Research Center (DWRC) continued to develop and validate analytical methods of chemical analysis, and to provide data for registering and re-registering chemicals such as Compound 1080, strychnine alkaloid, zinc phosphide, Starlicide (DRC-1339), alpha-chloralose, and methyl anthranilate. These compounds are used for rodent, bird, and predator control, and for taste aversion. Approximately 65 percent of the methods development effort was devoted to developing alternative nonlethal methods such as bird repellents, varietal resistance of crops to vertebrate damage, habitat manipulation, and immunocontraception.

In FY 1994, construction was completed on a new ADC methods development facility at Fort Collins, Colorado. This is the first phase of a three-phase project to relocate the DWRC from the current Denver site.

During FY 1994, ADC personnel in several Western States evaluated the potential of a new breakaway snare equipped with a shear-pin lock developed at DWRC. The improved locks were effective in holding targeted animals while allowing larger animals such as deer, antelope, and cattle, to release themselves.

Among other projects, DWRC progressed in research to identify an immunocontraceptive for use on deer and other mammals as a method to resolve site-specific wildlife problems. Studies aimed at perfecting oral delivery of immunocontraceptives also continued. In addition, the program evaluated methyl-anthranilate as a bird repellent in aquatic situations with promising results. Birds can be repelled from water areas with new formulations that were tested.

During FY 1994, DWRC began a study to evaluate the efficacy of three sulfur-based repellents to protect seedlings from elk and deer browsing. This study is part of an ongoing cooperative effort with the U.S. Forest Service to identify a method for alleviating wildlife damage on reforestation units. The program also began the first phase of the forward-looking infrared (FLIR) imaging study designed to determine the feasibility of using airborne FLIR technology to locate and conduct censuses of coyote and other wildlife populations.

DWRC submitted over 55 data volumes and labels, numerous amendments, and data waiver requests to the Environmental Protection Agency in support of vertebrate pesticide registrations. Each data volume supports a specific type of information that the Center is providing.

2. Biotechnology and Environmental Protection

Environmental Protection

The environmental protection component of the Biotechnology/Environmental Protection (BEP) line item is composed of three environmental units, Environmental Analysis and Documentation (EAD), Technical and Scientific Services (TSS), and the National Monitoring and Residue Analysis Laboratory (NMRAL). During FY 1993, EAD worked on a variety of documents, including environmental assessments and environmental impact statements (EIS). In FY 1994, final EIS's were published for: Mediterranean fruit fly (Medfly), Asian gypsy moth, and Importation of Logs and Lumber. Altogether, EAD prepared 21 environmental documents for APHIS programs. In addition to providing crucial environmental compliance documentation, EAD also provided review, policy guidance, and support to other APHIS operational guidance.

The second environmental component, TSS, maintained registrations of chemicals and other substances used in current APHIS programs during FY 1994, while helping the Agency to identify emerging, less environmentally invasive alternatives to current practices. TSS also helped programs develop monitoring plans for assessing the impact of Agency actions on the environment. In addition, the unit completed and distributed five environmental monitoring reports with detailed evaluations of residue data collected during control and eradication programs.

To meet the requirements of the Endangered Species Act, TSS designed guidelines to determine the effect of aerial spraying of malathion on established eagle nests, and designed a special eagle study for the gypsy moth program in Washington State and North Carolina. The unit also continued to collaborate with the Department of Interior's National Biological Survey Laboratory and the University of Alabama in developing and implementing studies of aerial malathion drift. These studies are necessary to satisfy Fish and Wildlife Service requirements and the effects of malathion in streams on endangered species, respectively.

In FY 1994, the third environmental link, the NMRAL in Gulfport, Mississippi, continued to support all APHIS programs, principally agricultural quarantine inspection, grasshopper, imported fire ant, boll weevil, Medfly, and gypsy moth. NMRAL also performed reimbursable work for other USDA agencies and outside entities for the analysis of pesticide residues and industrial chemicals. Work performed for other agencies included analyses for pesticide residues in food commodities in the Agriculture Marketing Service's Pesticide Data Program the purpose of which is to provide information to assure a safe food supply. In addition, NMRAL analyzed tobacco samples for the Agricultural Stabilization and Conservation Service certification program. NMRAL conducted 9,796 chemical analyses for various pesticides in FY 1994, including 3,985 analyses in support of APHIS programs and 5,811 analyses for other Federal agencies on a reimbursable basis. The laboratory also analyzed 75 plugs of trimedlure for potency and stability in support of APHIS' Medfly surveillance programs.

Biotechnology

Permits and Notifications

The volume of transgenic plants tested in the field and coming to the marketplace continues to increase. The number of release permits for field tests of transgenic plants has risen from five permits in FY 1987 to a high of 141 in FY 1993. In FY 1994, APHIS issued 77 release permits, a significant decrease from 1993. This was due to the regulations published on the notification process restricting the need for release permits to complex cases. Therefore, the number of notifications increased as the number of release permits declined.

The notification process established in 1993 for both the field testing and movement of corn, soybeans, cotton, tomato, potato, and tobacco products has been more successful and better received by applicants than we predicted. APHIS issued more notifications for release last year than it had issued permits for release in the prior 7 years. Moreover, the Agency issued 780 notifications in FY 1994 and expects to issue between 1,000 and 2,000 in FY 1995. This process is estimated to have saved the Government an estimated 10,000 to 20,000 staff-hours of work in FY 1994. This procedure is a cost-effective method that removes the excessive regulatory burden on the biotechnology industry. Equally important, this increase in efficiency was accomplished without compromising public health or environmental safety. These changes encourage innovative biotechnology research and assure appropriate regulatory oversight. They also assure notification of States and the general public, while allowing APHIS to focus on petitions for release from regulation of more complex permit applications, and on efforts to harmonize biotechnology regulations between nations.

Petition

In FY 1993, APHIS published regulations establishing the petition process which allows persons or entities to seek a determination from the Agency stating that a genetically modified plant does not present a plant pest risk and therefore no longer needs to be regulated. During FY 1994, APHIS issued determinations of nonregulated status for two commodities: herbicide-tolerant cotton, and herbicide-tolerant soybeans.

3. Integrated Systems Acquisition Project (ISAP)

APHIS continues to validate and evaluate the ISAP proposals. The offerors' latest response to the Government's Clarification Report/Deficiency Report was received on November 23, 1994. This allowed the validation teams to perform the final validation and begin the evaluation process.

A protest was filed by one of the offerors in FY 1994, resulting in a suspension of the Delegation of Procurement Authority and a 90-day delay in the validation process while the Agency prepared its case. Under the General Board of Contract Appeals, the offeror eventually withdrew the protest.

The validation teams also reviewed the results of the unwitnessed Live Test Demonstrations (LTD). An unwitnessed LTD is conducted by the offeror with the results being forwarded to the Agency for evaluation. As a result, the Agency established an LTD team. The actual LTD are scheduled to take place in early 1995.

4. Plant Methods Development Laboratories

The program continues to develop and implement technologies for detection, exclusion, containment, and management of key exotic, introduced, and indigenous pests, including insects, nematodes, diseases, and weeds.

APHIS is planning a collocation of the Hoboken, New Jersey, Methods Development Center (MDC) and the Whiteville, North Carolina, MDC into a single facility for FY 1995. The new MDC, to be located in Oxford, North Carolina, would combine program management responsibilities and promote interactive projects, enhance like activities, and utilize shared facility management at one location. The ongoing activities of the two facilities to be transferred include new fumigation techniques, commodity treatments with heat or cold, evaluation of alternatives to methyl bromide, new preclearance commodity treatments, improvement of stored pest survey method, improved scientific and technical support to APHIS and stakeholders for soil-related pests including noxious weeds, imported fire ant, and golden nematode. New activities would include biological control approaches, both classical and augmentation, to non-rangeland noxious weeds and insect pests in the eastern part of the United States.

The Mission, Texas, MDC emphasizes fruit fly projects in Texas, California, Florida, and Hawaii. This includes sterile insect release technology, chemical bait sprays, improvements in quality control for mass rearing of fruit flies, and the development of alternatives to malathion bait sprays. Accomplishments for FY 1994 include the introduction of a temperature sensitive lethal (TSL) male Mediterranean fruit fly population into the mass rearing operations. The TSL population eliminates females from the rearing procedures by killing them as eggs. The TSL populations are undergoing field cage tests in Hawaii at this time.

The Otis, Massachusetts, MDC works to develop new and improved technologies for control of European and Asian gypsy moths. Management techniques include biological control, mating disruption, pesticide evaluation, and survey technologies. Molecular biological approaches for rapid identification of gypsy moth and other organisms (including fruit flies) are conducted at this facility. Other activities include development of regulatory treatments and management strategies for Japanese beetle, apple ermine moth, and pine shoot beetles, including biological control. Accomplishments for FY 1994 include new approaches to biological control of Japanese beetles through the use of entomophilic nematodes. Other projects included the development of molecular identification of the European and Asian gypsy moths.

The Phoenix, Arizona, MDC emphasizes the development of a biologically based system for pink bollworm management. This includes automated expert mass-rearing systems to produce sterile insects. Other programs include the management of grasshoppers and mormon crickets through technologies that minimize pesticides. Development of biological control of these pests using fungi is underway. Other projects include the development of mass-rearing production of biological control insects for sweet potato whitefly and other pests. Accomplishments for FY 1994 include the testing of new biological control organisms for sweet potato whitefly in the Imperial Valley of California. The Agency studied the biology of some indigenous biological control organisms and tested a fungal pathogen for grasshopper control in the field. The Grasshopper Integrated Pest Management (GHIPM) user handbook is being completed at this time.

5. Veterinary Biologics

Consistent with recent trends, program activity continued to increase in volume and complexity in FY 1994. For example, APHIS issued 118 product licenses, including the first license for a recombinant virus-vector vaccine (Newcastle disease fowlpox vaccine) and the first vaccine in the United States for the respiratory form of Porcine Reproductive and Respiratory Syndrome. The Agency also terminated 64 product licenses resulting in a total of 2,144 active licensed or permitted products in FY 1994 as compared to 2,090 in FY 1993. Producers presented APHIS with 21,627 serials of veterinary biologics for release in FY 1994, of which APHIS withheld 2 percent for failing to meet Agency requirements. The National Veterinary Services Laboratories (NVSL) tested 2,085 of the 21,627 serials.

The program continues to develop new testing methods for veterinary biological products, while working at the same time to improve current tests. For example, NVSL continued to work on in-vitro potency tests for veterinary biologics. European regulators expressed interest in these tests since they reduce the use of laboratory animals in the testing of biologics. The program established procedures for statistical analysis of data and maintenance of acceptable standards for in-vitro testing. The Agency is preparing several of these tests for publication in the regulations as new standard test requirements.

The veterinary biologics program also continued to progress with efforts to reduce trade barriers to the sale of products overseas. For example, program officials met with representatives from the European and U.S. biologics industries and regulatory officials from the European Union (EU). The result was an agreement to start the process of harmonizing requirements for the production, testing, and licensing of veterinary biological products between trading partners. The Office of International Epizootics agreed to assist in establishing a process and organization to coordinate priorities for the harmonization of regulatory requirements on an international basis. APHIS co-sponsored a seminar on risk assessment procedures for the international movement of veterinary biologics in December 1994.

Interaction with Canadian regulatory officials under the North American Free Trade Agreement also helped bring about the harmonization of testing and inspection procedures. Future efforts will include work towards mutual recognition of testing between U.S. and Canadian control laboratories and mutual recognition of market control procedures. Program personnel will be initiating dialogue with Mexican regulatory officials concerning their interest in harmonization.

APHIS is developing general and specific licensing guidelines for distribution to the industry to assist license applicants and to improve the quality of submissions. In addition, the Agency continued to maintain a toll-free hotline to ensure responsiveness to consumer concerns and address complaints about the potency, safety, and efficacy of veterinary biologics.

6. Veterinary Diagnostics

During FY 1994, the National Veterinary Diagnostics Laboratories (NVSL) supported animal disease prevention, detection, control, and eradication programs; and provided diagnostic assistance to the livestock and poultry industries. NVSL processed 5,604 cases for bovine tuberculosis diagnosis, the second highest total on record for such cases at NVSL. The highest was in FY 1993 when 6,194 cases were processed. In support

of the cattle tick program, NVSL analyzed 14,509 pesticide samples and processed 13,807 cattle tick cases in FY 1994, approximately 2,200 more cases than in FY 1993. Sample submissions to NVSL for bovine spongiform encephalopathy surveillance increased 70 percent, from 290 in FY 1993 to 495 in FY 1994.

Diagnostic support for the Department's preharvest food safety initiative was strengthened in FY 1994. Emphasis was given to Escherichia coli 0157:H7 and Salmonella enteritidis (SE). In FY 1994, NVSL evaluated a variety of commercial E. coli diagnostic kits. Results indicate that isolation protocols remain the most sensitive method of testing for the E. coli 0157:H7 organism. NVSL conducted tests and sampling methods for the National Animal Health Monitoring System's cattle-on-feed evaluation. This pilot gathered preliminary data on the prevalence of E. coli 0157:H7 in feedlots.

NVSL continued to monitor the occurrence of salmonella in animals through its serotyping service. Over 22,000 cultures were submitted to the laboratory for identification in FY 1994 compared to 35,000 cultures in FY 1993. Diagnostic support for SE program activities continued this year at a reduced level due to the overall decrease in human egg-borne salmonellosis caused by SE in FY 1994.

NVSL participated in the evaluation of the enzyme linked immunosorbent assay (ELISA) test developed by IDEXX. This involved the testing of 375 milk samples using four different tests: the brucellosis ring test, the heat inactivated ring test, an ELISA test developed by Iowa State University, and the ELISA test developed by IDEXX. The results of the evaluation are completed. NVSL also participated in the evaluation of serological tests for brucellosis in llamas. Eight different tests were evaluated for their ability to detect vaccinated and infected llamas. The results of this evaluation are also pending. This information will be used to standardize test procedures for the importation and transportation of llamas.

During FY 1994, the annual bluetongue survey, using the ELISA test, showed a low incidence of bluetongue in the northeastern United States. Proficiency test kits were sent to over 300 laboratories to assess whether the laboratories were qualified and therefore approved to test animals for export.

Studies begun in FY 1993 on the survival time of the porcine reproductive and respiratory syndrome (PRRS) virus in fresh pork, were completed in FY 1994. These show that the virus survives in most tissue pools for at least 3 to 4 weeks. More than 700 sample pools of fresh pork intended for export to Russia were tested in the study, all of which tested negative for the virus. This strengthens our assumption that most pigs that are going to get infected with the PRRS virus will become infected well before the marketing age and be rid of the virus by the time of slaughter.

In FY 1994, NVSL organized the 45th North Central Avian Disease Conference and Symposium on Diagnostic procedures for Avian Viruses. A hands-on training session which included subjects such as clinical signs and lesions of diseases, methods for virus isolation and identification, light and electron microscopy, serology, and molecular methods in disease diagnosis, was conducted. The Foreign Animal Disease Diagnostic Laboratory (FADDL) presented three Foreign Animal Disease courses in FY 1994 for Federal, State, and international personnel in foreign animal disease diagnosis, tuberculosis diagnosis, and scrapie diagnosis.

CONTINGENCY FUNDSAsian Gypsy Moth (AGM)

In FY 1993, a military cargo ship reintroduced the AGM to the United States in the Sunny Point Port area of North Carolina. The Secretary declared an emergency in FY 1994 and transferred \$4.5 million from the Commodity Credit Corporation to eradicate this pest over a 3-year period. Three million dollars was released from the contingency fund for AGM eradication in North Carolina.

In FY 1994, APHIS did not use any of the \$3 million released for AGM activities. The first year budget estimate included assessments for pesticide and aerial application contracts for the 3-year program. This approach guaranteed continuity to the program and allowed the Agency to negotiate better prices with the contractors. As a result, the original estimate of \$8 per acre treated has been reduced to less than \$6 per acre, thus increasing the carryover for subsequent AGM treatment operations.

Chrysanthemum White Rust (CWR)

In FY 1994, \$283,000 in Contingency funds were released for APHIS' work in conjunction with the State of California, for the continued eradication program in Santa Clara County and Santa Cruz County. The Agency performed survey, control, and regulatory activities to accomplish its goal of eradicating this serious disease. By the end of FY 1994, only Santa Cruz County remained infested. APHIS will continue to inspect residential properties in Santa Cruz County, with the goal of detecting and removing all the remaining CWR infestations by the end of FY 1995.

E. coli

In FY 1994, \$724,000 was made available from the APHIS contingency fund for E. coli 0157:H7 emergency response activities. APHIS, together with the Centers for Disease Control (CDC) and the Department's Food Safety and Inspection Service (FSIS), cooperated in more than 24 E. coli 0157:H7 investigations in FY 1994. These included major outbreaks in Nebraska, Pennsylvania, and New Jersey. APHIS involvement was at the request of the local public health departments and was nonregulatory in nature. APHIS, in addition to providing epidemiological and laboratory support, assisted with developing consensus on traceback protocols among State and Federal Agencies. APHIS epidemiologists also assisted in the identification of potential risk factors and critical control points which warranted further research.

In FY 1994, APHIS also participated in the Department's Pathogen Reduction Task Force to determine food safety research and educational objectives. A report was completed in August 1994 which identified short-term and long-term research and educational needs.

Six regional food safety workshops were conducted in FY 1994. Participants included representatives from APHIS, FSIS, CDC, State Departments of Agriculture, Public Health Departments, universities, and private industry. The workshops were designed to facilitate the development of interactive and interdisciplinary animal production food safety teams, and to address food safety issues.

APHIS funded several cooperative agreements relating to E. coli in FY 1994, including one with Washington State University, another with the University of California-Davis (UCD), and one with Wisconsin State University. The agreement with Washington State University was for surveying E. coli 0157:H7 in pasture dairy cattle. Over 6,000 fecal samples were analyzed to monitor the incidence of infection in dairy cattle populations in the northwestern United States. A cooperative agreement with the Food Animal Production Medicine Consortium at UCD established a pilot dairy milk and beef food safety/quality assurance training program for Federal and State veterinary medical officers, animal identification coordinators, and animal health technicians. The agreement with the University of Wisconsin was for testing reagents for E. coli 0157:H7 and monitoring dairy herds in that State for E. coli 0157:H7.

European Gypsy Moth

In FY 1994, \$593,350 in contingency funds were released to conduct or cooperate in gypsy moth treatment control activities at 36 sites in 17 States. Twenty-three sites encompassing 4,005 acres received pesticide applications that included either Bacillus thuringiensis applied by ground or air, or Gypchek applied by air. Mass trapping activities were carried out at the remaining 13 sites. A total of 20,234 acres were trapped at densities ranging from 3 to 16 traps per acre. In addition to actual pesticide applications, pretreatment delimiting surveys were carried out at multiple sites totaling 940 square miles. These were carried out at a density of 16 traps per square mile to define the extent and location of isolated gypsy moth populations for subsequent treatments, usually carried out the following spring. Most of these infestations occurred as a result of the movement of infested outdoor household articles and nursery stock. APHIS and the Forest Service will continue to conduct control activities in areas outside of the generally infested area to prevent the establishment of isolated infestations.

Pine Shoot Beetle (PSB)

PSB was first detected at a Christmas tree farm in July 1992 in Lorain County, Ohio. Subsequent surveys have detected the insect in 118 counties in six additional States: Ohio, New York, Pennsylvania, Indiana, Michigan, and Illinois.

In FY 1994, \$600,000 in contingency funds were released to conduct detection surveys at high-risk locations throughout the United States, and extensive delimiting surveys around the known infested areas. Agency inspectors did not find PSB expansions into new States. APHIS continued to perform regulatory activities.

Canine Rabies Control

In FY 1994, APHIS provided \$474,000 in contingency funds to assist in the development of an Oral Rabies Vaccination Project (ORVP) in south Texas. Approximately \$332,000 was provided to the Texas Department of Health (TDH) through a cooperative agreement, for the development of a bait delivery system to orally administer rabies vaccine to coyotes. APHIS also provided temporary personnel to assist TDH in their examination of vaccine delivery methods, bait density, and animal behavior, and for continued monitoring of the movement of the disease throughout south Texas. An additional release of \$1.5 million from the contingency fund was recently approved for the implementation phase of the ORVP, scheduled to begin in early 1995.

Tropical Bont Tick

FY 1994 was the first year of an APHIS commitment to surveillance and eradication of the Tropical Bont Tick (TBT), Amblyomma variegatum, in the Caribbean. In September 1994, APHIS and the Inter-American Institute for Cooperation in Agriculture (IICA), a regional agricultural organization, entered into a cooperative agreement to conduct surveys to determine the distribution of the tropical bont tick infestation in the Caribbean. IICA will conduct surveillance activities in the Dominican Republic, Anegada, Tortola, Virgin Gorda, St. Vincent and the Grenadines, Grenada, and Trinidad and Tobago. APHIS will be responsible for TBT activities in Puerto Rico and the U.S. Territories. During FY 1994, \$300,000 was released from the contingency fund for the tropical bont tick.

The tick is a vector of the causative agent of heartwater disease in cattle and other ruminants. Previously unexposed populations are highly susceptible. Estimates of losses exceed 50 percent in exposed cattle and 80 to 90 percent in sheep and goats. Eradication of the TBT while it is restricted to the Caribbean area would provide the greatest level of security to the rest of the Americas since it has a very low probability of being reintroduced from Africa. These eradication efforts will be coordinated regionally by the Food and Agriculture Organization and IICA. Infestation of American mainland wildlife by heartwater would cause a permanent endemic presence. Eradication of heartwater, once introduced to the American mainland, would be unlikely since it would require depopulation of all wildlife hosts.

In FY 1994 contingency funds were released for the following programs:

FY 1994 OBLIGATIONS
(dollars in thousands)

	<u>Available</u>	<u>Obligated</u>	<u>Balance</u>
Asian gypsy moth	\$3,000	\$ 0	\$3,000
Chrysanthemum white rust	283	282	1
<u>Escherichia coli</u> O157:H7	724	697	27
European gypsy moth	593	506	87
Pine shoot beetle	600	449	151
Rabies control	474	474	0
Tropical bont tick	350	350	0
Unallocated	1,000		<u>1,000</u>
Carryover into FY 1995			<u>4,266</u>



ANIMAL AND PLANT HEALTH INSPECTION SERVICE
EXPLANATORY STATEMENT

The APHIS appropriation "Buildings and Facilities" funds major non-recurring construction projects in support of specific program activities and recurring construction, alterations, preventive maintenance, and repairs of existing APHIS facilities.

The estimates include appropriation language for this item as follows (new language underscored; deleted matter is enclosed in brackets):

Buildings and Facilities

For plans, construction, repair, preventive maintenance, environmental support, improvement, extension, alteration, modernization, and purchase of fixed equipment or facilities, as authorized by 7 U.S.C. 2250, and acquisition of land as authorized by 7 U.S.C. 428a, [~~\$6,973,000~~]
\$12,541,000, to remain available until expended.

This change would provide authority for funding a modernization project at the Plum Island Animal Disease in Plum Island, New York.

BUILDINGS AND FACILITIES

Appropriations Act, 1995.....	\$6,973,000
Budget Estimate, 1996.....	<u>12,541,000</u>
Increase in Appropriation.....	<u>+ 5,568,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>1995 Estimated</u>	<u>Program Changes</u>	<u>Other Changes</u>	<u>1996 Estimated</u>
Basic buildings and facilities repair, alterations, and preventive maintenance.....	\$6,973,000		+\$68,000	\$7,041,000
Modernization of Plum Island Animal Disease Center, Plum Island, NY.....	--	+3,500,000	--	3,500,000
Construction of Phase 1B of Denver Wildlife Research Center.....		<u>+2,000,000</u>	--	<u>2,000,000</u>
Total Available.....	<u>\$6,973,000</u>	<u>+5,500,000</u>	<u>+68,000</u>	<u>\$12,541,000</u>

BUILDINGS AND FACILITIES

PROJECT STATEMENT
(On basis of available funds)

	1994 Actual	1995 Estimated	Increase or Decrease	1996 Estimated
Total obligations...	\$ 7,918,000	\$6,973,000	+\$5,568,000	\$12,541,000
Unobligated balance available, start of year.....	-38,573,000	-40,800,000		
Unobligated balance available, end of year.....	40,800,000	40,800,000		
Total Appropriated funds.....	\$10,145,000	6,973,000	(1) +5,568,000	\$12,541,000

JUSTIFICATION OF INCREASES AND DECREASES

- (1) A net increase of \$5,568,000 for buildings and facilities (\$6,973,000 available in FY 1995).

- (a) An increase of \$209,000 for a 3 percent increase in non-salary costs.
- (b) A decrease of \$141,000 for administrative efficiency.

In support of the Secretary's streamlining efforts and the President's Executive Order to reduce overhead-type outlays from the FY 1993 baseline, budget authority is reduced.

In order to achieve these administrative savings, APHIS will reduce the costs of contractual services for repairs and alterations in FY 1996.

- (c) An increase of \$3,500,000 for the APHIS share of the Plum Island Animal Disease Center modernization.

The Plum Island Animal Disease Center (PIADC) is located on an island to allow for research and diagnostic testing for exotic and highly contagious animal diseases without endangering the domestic animal population. PIADC, shared by APHIS and the Agricultural Research Service (ARS), is located in a harsh environment which is buffeted by severe weather and seas.

In September 1988, a plan was established to provide for the consolidation of facilities at PIADC from 50 structures to 26 structures to reduce energy and maintenance costs. In 1989, ARS and APHIS initiated an effort to develop a long range plan for repair and maintenance of the remaining buildings and supporting infrastructure of the consolidated areas.

This amount represents the APHIS share of the Plum Island facility modernization costs and is concurrent with a \$5,000,000 increase in the ARS budget request. The funds will be used for the continuation of electrical and physical updates and repairs, fire safety, and environmental concerns.

- (d) An increase of \$2,000,000 for constructing Phase 1B of the Denver Wildlife Research Center (DWRC) in Ft. Collins, CO.

In FY 1990, APHIS approved the master plan for the development of the DWRC in Ft. Collins, Colorado.

Funding had previously been obtained to complete Phase 1B (animal holding facilities). Because of improved economic conditions in the Denver metropolitan area including the construction of the new Denver airport, the low bid for Phase 1A was significantly higher than anticipated; the initial \$6.0 million was insufficient to complete Phase 1A. As a result, approximately \$1.1 million from Phase 1B had to be shifted to Phase 1A to cover the increased construction costs.

The design contract for Phase 1B of the DWRC has been awarded with construction scheduled to begin in the second quarter of FY 1995. Funding is currently available to complete about one-third of Phase

1B. Completion of these facilities is crucial for the continued development of alternative solutions to wildlife damage problems.

The increase will go toward constructing outdoor animal holding pens and associated structures.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE
BUILDINGS AND FACILITIES
STATUS OF MAJOR CONSTRUCTION PROJECTS

Current Activities: The Buildings and Facilities appropriation funds major non-recurring construction projects in support of program activities and recurring construction, alterations, and repairs of existing facilities. The on-going major construction projects as of October 1994 are:

1. Plant Germplasm Quarantine Laboratory, Beltsville, Maryland - (\$3,800,000 available from the Fiscal Year (FY) 1990 appropriation).

The construction contract was awarded in April 1993. Program personnel have moved into the Laboratory and taken occupancy. The Prime Contractor is making some minor adjustments. Total amount obligated under this contract is \$2,161,188.

2. Animal Research Building, Phase IA, Fort Collins, Colorado - (\$6,000,000 available from the FY 1990 appropriation).

The building is substantially complete as of November 1994. Currently \$6,863,226 has been obligated.

3. Outdoor Animal Holding Pens, Phase IB, Fort Collins, Colorado - \$2,500,000 available from the FY 1992 appropriation).

Design is 100 percent complete and the final documents are expected from the A-E firm in the first quarter of 1995. Contract to begin construction on outdoor animal holding pens is expected to be awarded in the second quarter of FY 1995. Construction is anticipated to take about 18 months. Through FY 1994, \$682,258 has been obligated.

4. National Plant Germplasm Quarantine Center: Phase I, Beltsville, Maryland - (\$12,000,000 available from the FY 1991 appropriation).

Design and construction for Phases I and II are being combined in one design contract and in one construction bid package to accelerate the project schedule. The design contract and negotiated design fee are currently under review by the Defense Contract Audit Agency. Upon completion of a successful audit review, funds for design will be obligated in FY 1995.

5. National Germplasm Quarantine Center: Phase II, Beltsville, Maryland - (\$12,000,000 available from the FY 1992 appropriation).

Design and construction for Phases I and II are being combined in one design contract and in one construction bid package to accelerate the project schedule. The design contract and negotiated design fee are currently under review by the Defense Contracts Auditing Agency. Upon completion of a successful audit review, funds for design will be obligated in FY 1995.

6. Plum Island Animal Disease Center Consolidation, New York - (\$5,000,000 available from the FY 1991 appropriation and \$1,737,450 available from the FY 1992 appropriation).

This construction project was jointly planned between the Agricultural Research Service (ARS) and APHIS. ARS awarded a contract for construction during FY 1993. APHIS funds were obligated in FY 1992.

AGRICULTURAL MARKETING SERVICE

EXPLANATORY STATEMENT

The mission of the Agricultural Marketing Service (AMS) is to facilitate the strategic marketing of agricultural products in domestic and international markets; while ensuring fair trading practices, and promoting a competitive and efficient marketplace, to the benefit of consumers of U.S. food and fiber products. This mission is carried out through eight broad activities that encompass a wide range of programs. The eight activities are market news; standards, grading, and shell egg surveillance; market protection and promotion; wholesale market development; transportation services; payments to states and possessions; the Perishable Agricultural Commodities Act program; and strengthening agricultural markets and producer income (section 32). AMS programs promote a strategic marketing perspective that adapts product and marketing decisions to consumer demands and changing domestic and international marketing practices and technologies. Approximately seventy-five percent of the funds needed to finance AMS activities are derived from voluntary user fees. AMS provides services for private industry, State, and Federal agencies on a reimbursable basis, primarily in connection with the commodity grading programs.

1. Market News Service:

The market news program is carried out under the following authorities:

Agricultural Marketing Act of 1946
Cotton Statistics and Estimates Act of 1927
Naval Stores Act
Tobacco Inspection Act of 1935
U.S. Cotton Futures Act
Peanut Statistics Act

The market news service is funded by appropriations for all but printed reports. The market news program entails the collection, analysis and dissemination of market information for numerous agricultural commodities, including cotton and cottonseed; dairy products; fruits and vegetables; livestock, meat and grains; poultry products and eggs; and tobacco. Market information covers local, regional, national, and international markets and includes current data on supply, movement, contractual agreements, inventories, and prices for practically all agricultural commodities. Market news reports provide producers and marketers of farm products and those in related industries with timely, accurate, and unbiased market information. Those utilizing market news information are in a position to make the critical daily decisions of where and when to sell, and at what price.

Federal and State reporters obtain market information at trading points or by telephone. The data is analyzed and immediately disseminated to the agricultural community by automatic telephone answering devices, facsimile machines, printed reports, radio and television, newspaper columns, and data networks. National information is integrated with local information and released in a form easily understood by the industry and locality served. AMS standards are used as the basis for reporting commodities. Subscription fees are charged for facsimile reports and printed and mailed reports except for tobacco, where mailed reports are free to producers.

2. Standardization, Grading, and Shell Egg Surveillance:

These programs are carried out under the following authorities:

Agricultural Marketing Act of 1946
Agricultural Fair Practices Act
Cotton Statistics and Estimates Act of 1927

U.S. Cotton Futures Act
 United States Cotton Standards Act
 Naval Stores Act
 Tobacco Inspection Act of 1935
 Tobacco Statistics Act
 Wool Standards Act
 Dairy and Tobacco Adjustment Act of 1983
 Food Security Act of 1985
 Egg Products Inspection Act

Standardization, and grading activities facilitate the domestic and international marketing of agricultural commodities. Shell Egg Surveillance ensures that only wholesome eggs are marketed for human consumption.

- a. Standardization: AMS develops, reviews, and maintains agricultural commodity standards that describe product quality attributes such as taste, color, texture, yield, weight, and physical condition for use in the trading of agricultural commodities. These standards provide a common language for buyers and sellers of commodities both here and abroad to use in marketing commodities. AMS standards constitute the basis for market reporting. These standards are used in grading cotton, tobacco, livestock and meat, poultry, eggs, fruits, vegetables, nuts, and dairy products. The costs of this program are fully reimbursed through grading fees.
- b. Grading: The grading process involves the application of quality standards to agricultural commodities. AMS provides grading and certification services for agricultural commodities for which developed standards are available. In addition, AMS provides acceptance and condition description services for all agricultural commodities upon request. These services facilitate marketing by permitting purchasers to buy commodities without having to personally inspect them and by providing an impartial evaluation of the quality of products prior to their sale. AMS certification services provide assurance to buyers that the products they receive are the quantity and quality specified in their contract with the seller. AMS certificates can be used as evidence of quality condition in a court of law to settle trade disputes. Grading activities are performed by Federal employees and Federally-supervised State employees.
- c. Shell Egg Surveillance: In cooperation with the State Departments of Agriculture, shell egg handling operations and hatcheries are inspected at least four times yearly to control the disposition of certain types of undergrade and restricted eggs. Eggs which cannot be sold in shell form, must be delivered to egg breaking plants. Funds for this program are appropriated.

3. Market Protection and Promotion:

AMS administers programs under several laws that authorize the collection of pesticide residue information, ensure proper marketing practices, stimulate innovative and improved commodity marketing, and provide assistance to industry-sponsored activities.

In the administration of market protection and promotion activities the Agricultural Marketing Service operates under the following authorities:

Agricultural Marketing Act of 1946
 Capper Volstead Act
 Cotton Research and Promotion Act
 Egg Research and Consumer Information Act
 Export Apple and Pear Act
 Export Grape and Plum Act
 Federal Seed Act
 National Wool Act of 1954

Plant Variety Protection Act
 Potato Research and Promotion Act
 Dairy and Tobacco Adjustment Act of 1983
 Honey Research, Promotion and Consumer Information Act
 Beef Promotion and Research Act of 1985
 Pork Promotion, Research and Consumer Information Act of 1985
 Watermelon Research and Promotion Act
 Soybean Promotion, Research and Consumer Information Act of 1990
 Mushroom Promotion, Research and Consumer Information Act of 1990
 Lime Research, Promotion and Consumer Information Act of 1990
 Fluid Milk Promotion Act of 1990
 Organic Foods Production Act of 1990
 Fresh Cut Flowers and Fresh Cut Greens Promotion and Information Act of 1993
 Food, Agriculture, Conservation and Trade (FACT) Act of 1990

- a. Pesticide Recordkeeping Program. The Pesticide Recordkeeping program is authorized by the Food, Agriculture, Conservation and Trade (FACT) Act of 1990. This program established Federal regulations requiring non-commercial applicators to keep records of pesticides used in agricultural production. The Act also requires records be surveyed to provide a database on the usage of Federally-restricted use of pesticides. The Pesticide Recordkeeping program is funded by appropriation.

In FY 1994, a Memorandum of Understanding was signed between the Agricultural Marketing Service, the National Agricultural Statistics Service (NASS), and the Environmental Protection Agency to designate the responsibilities and roles of each agency pertaining to record surveys and reporting on restricted pesticide usage. AMS has authority to monitor compliance with the recordkeeping requirements through cooperative agreements with State pesticide regulatory agencies. The accuracy of restricted use pesticide data will be enhanced by good recordkeeping practices by certified applicators. AMS plans to use information obtained during NASS pesticide usage surveys to indicate the degree of compliance with recordkeeping requirements.

- b. Pesticide Data Program. The Pesticide Data Program is authorized by the Agricultural Marketing Act of 1946. The goal of the Pesticide Data Program (PDP) is to develop and communicate comprehensive statistically defensible information on pesticide residues in food to help ensure the safety of the U.S. food supply as well as to improve Government dietary risk assessment procedures. Data is provided on a continual basis to the Environmental Protection Agency for use in the re-registration and special review of pesticides and to other Federal and State agencies for use in determining policies intended to safeguard public health. To ensure integrity and the high degree of quality required for dietary risk assessment procedures, PDP's Standard Operating Procedures parallel EPA's Good Laboratory Practice Guidelines. In general most residues detected in the program are substantially below established EPA tolerances. Technology planning and coordination and information on significant residue findings are provided to the Food and Drug Administration. Long range strategic planning is accomplished through an Executive Steering Committee as part of a June 1992 Memorandum of Understanding among USDA participating agencies, the EPA and the FDA.
- c. Federal Seed Act. The Federal Seed program is authorized by the Federal Seed Act and funded by appropriations. The Act regulates agricultural and vegetable seed moving in interstate commerce. It prohibits false labeling and advertising of seed and the shipment of prohibited noxious-weed seed into a State. About 500 State seed inspectors are authorized to inspect seed subject to the Act. Seed samples are routinely drawn by State seed inspectors to monitor seed sold commercially. Should an inspection reveal infractions of the Act, a complaint may be referred to AMS by the cooperating State agency. Based on the results of the tests and

investigations, AMS attempts to resolve each case administratively. For cases that cannot be resolved, AMS will initiate appropriate legal action. Intrastate infractions are subject to State laws. For a fee, AMS will also test seed voluntarily submitted, under the Agricultural Marketing Act.

- d. Plant Variety Protection Program. This program is authorized by the Plant Variety Protection Act and is fully funded by user fees. The Act encourages the development of novel varieties of sexually reproduced plants by providing patent-like protection to developers. The program assures developers exclusive rights to sell, reproduce, import, or export such varieties, or use them in the production of hybrids or different varieties, for a period of 20 years for all species and 25 years for woody plants.
- e. The Research and Promotion Acts. AMS provides oversight and direction to many industry-funded research and promotion programs. These programs are funded by producer assessments that are collected and used by industry to broaden and enhance local and national markets for various commodities. The various Research and Promotion Acts provide for the collection of an assessment from producers, handlers, and sometimes from importers to carry out research and promotion activities for beef, cotton, dairy products, fluid milk, soybeans, eggs, honey, mushrooms, pork, potatoes, fresh-cut flowers and greens, limes, and watermelons. It is the responsibility of AMS to review and approve the budgets and projects proposed by the research and promotion boards to ensure the proposals comply with the orders of the Act. Each research and promotion activity reimburses AMS for the cost of overseeing its program.
- f. National Organic Standards Program. This program is authorized by the Organic Foods Production Act of 1990 (7 U.S.C. 6501-6522). The Act requires AMS to develop national standards governing the production and handling of agricultural products labeled organic. The legislation also requires AMS to examine and accredit State and private certification programs to ensure their compliance with national organic standards. The program will certify that organically produced food products meet national standards. Once the accreditation program is fully operational, AMS will begin assessing user fees as authorized by Section 6506(a)(10) of the Act. AMS provides support to the National Organic Standards Board, reviews materials for the national list of allowed synthetic materials, and coordinates the enforcement and appeals process.

4. Wholesale Market Development:

This program is authorized under the Agricultural Marketing Act of 1946, and is appropriation funded.

Under this program, AMS provides technical advice and assistance to States and municipalities that are interested in creating or upgrading wholesale market facilities. The program has recently expanded its concentration from wholesale markets to include auction and collection markets, retail farmers' markets, and public (urban) markets. Emphasis has also been placed on expanding markets in and near the metropolitan areas to provide more access for the small grower, more nutritious foods to the urban poor, and create jobs through development of facilities. AMS also conducts cooperative feasibility studies in cooperation with the private sector and other government agencies to evaluate and suggest improvements in the efficiency with which agricultural commodities are handled and marketed. AMS conducts applied research that appraises states, localities and market managers/operators of changes in the market and allows them, with the grower, to make strategic decisions for future product development.

5. Transportation Services:

Transportation Services activities are authorized under the following authorities:

Agricultural Marketing Act of 1946
 Agricultural Adjustment Act of 1938
 Agricultural Trade and Assistance Act of 1954
 Rural Development Act of 1972
 International Carriage of Perishable Foodstuffs Act of 1982

These activities are designed to assure that the transportation system will adequately serve the agricultural and rural areas of the United States and will provide the rail, grain, truck, and shipping services necessary to assure the residents of these areas adequate facilities for the movement of agricultural commodities and people. AMS provides technical assistance to shippers and carriers; technological research, development and demonstrations in agricultural transport equipment. AMS participates in transportation regulatory actions before various Federal agencies. In addition, AMS provides economic analyses to support policy recommendations that address problems in domestic and international agricultural transportation. Transportation services activities are appropriation funded.

6. Payments To States And Possessions

The Federal-State Marketing Improvement Program is authorized by Section 204(b) of the Agricultural Marketing Act of 1946 and is also funded from appropriations. Payments are made to State marketing agencies to: identify and test market alternative farm commodities; determine methods of providing more reliable market information, and develop better commodity grading standards. This program has made possible many types of projects, such as electronic marketing and agricultural product diversification. Current projects are focused on the improvement of marketing efficiency and effectiveness, and seeking new outlets for existing farm produced commodities. The legislation grants the U.S. Department of Agriculture authority to establish cooperative agreements with State Departments of Agriculture or similar State agencies to improve the efficiency of the agricultural marketing chain. The States perform the work or contract it to others, and must contribute at least one-half of the cost of the projects.

7. Perishable Agricultural Commodities Act

This program is carried out under the Perishable Agricultural Commodities Act (PACA) and the Produce Agency Act (PAA), and is fully funded by user fees. These Acts are designed to: (1) protect producers, shippers, distributors and retailers from loss due to unfair and fraudulent practices in the marketing of perishable agricultural commodities; and (2) prevent the unwarranted destruction or dumping of farm products handled for others. Commission merchants, dealers, and brokers handling fresh and frozen fruits and vegetables in interstate and foreign commerce must obtain a PACA license and must abide by the fair trading practices established by the PACA.

Traders who have been found to have committed unfair trade practices face license suspension or revocation and may be required to post surety bonds before resuming operations. To increase protection and avert financial losses to growers and licensed firms, the Perishable Agricultural Commodities Act was amended in 1984 to create a statutory trust. Sellers of fruits and vegetables who have not been paid are secured under this legislation until full payment is made.

Complaints of violations are investigated and resolved through: (1) informal agreement between the two parties; (2) formal decisions involving payments to injured parties; (3) suspension or revocation of license; (4) publication of the facts. Any interested party or group may request AMS assistance in settling disputes under the PACA.

8. Strengthening Agricultural Markets and Producer Income (Section 32)

Under Section 32 of the Act of August 24, 1935, (7 U.S.C. 612c) an appropriation equal to 30 percent of customs receipts collected during each preceding calendar year and unused balances up to \$300 million are available for encouraging the domestic consumption and exportation of agricultural commodities. An amount equal to 30 percent of receipts collected on fishery products is transferred to the Department of Commerce.

a. Commodity Purchases:

Pursuant to Section 32, AMS purchases commodities such as meats and fish, fruits and vegetables, and poultry in order to stabilize market conditions. These purchased commodities are distributed by the Food and Consumer Service to schools as part of the entitlement for the National School Lunch program and for other domestic feeding programs. AMS is reimbursed by FCS for the administrative costs associated with purchases made for FCS domestic feeding programs.

b. Federal Food Specifications:

AMS develops, coordinates, and approves Federal food product descriptions and establishes quality assurance policies and procedures for the procurement of food by USDA, the Department of Defense, Indian Health Service, National Institutes of Health, Bureau of Prisons, and the Department of Veterans Affairs. The primary goal of this program is to update and streamline Federal food specifications to improve the cost efficiency of Federal food purchasing by using commercial item descriptions whenever possible.

c. Marketing Agreements and Orders:

The marketing agreements and orders program is authorized by the Agricultural Marketing Agreement Act of 1937. Marketing orders are designed to stabilize market conditions and to improve the returns for fluid milk and fruit and vegetable producers. Stabilized market conditions are accomplished by: (1) establishing minimum prices which handlers pay to dairy producers; (2) regulating the quality and quantity of fruits and vegetables sold in commercial channels; and (3) providing for market development and promotion (including paid advertising).

The orders are requested by producers and handlers. Evaluations and hearings on proposed marketing orders are conducted by AMS. Proposed orders are subject to approval by producers of the regulated commodity. Once approved, the Secretary issues the marketing order and sets the effective date of the order.

Section 32 funds authorized under 7 U.S.C. 1392b are used by the Department for administering marketing agreement and order programs at the national level and for public hearings and referenda to determine producer sentiment concerning new programs and proposed revisions of marketing orders already in effect. Administration at the local level is financed through handler assessments.

AMS headquarters are located in Washington, D.C., with approximately 186 year-round and seasonal field offices. The peak employment period for AMS occurs during the four month period, September through December, due to the seasonal nature of the cotton, tobacco, and fruit and vegetable grading programs. Employment during the peak period averaged 5,631 during FY 1994. As of September 30, 1994, there were 3,514 full-time employees and 1,684 other than permanent full-time employees. Of this number, employees assigned to field office locations totaled 2,769 full-time and 1,658 other than permanent full-time employees.

OIG Reports

#01099-2-Te 3/28/94 Peanut Quality Inspections and Compliance Audits
#01099-XX-At 12/8/94 The Pesticide Data and Recordkeeping Programs
#01061-18-At Ongoing Inspection of Egg Products
#Unnumbered-KC Ongoing U.S. Meat Export Federation
#01061-1-Te Ongoing Management of the Shipping Point Inspection Program
#Unnumbered-Ch Ongoing Dairy Grading and Inspection Activities
#01061-16-Ch Ongoing Certification of Processed Commodities

GAO Reports

RCED-94-63 12/29/93 Agricultural Marketing: Federally Authorized Commodity Research and Promotion Programs
RCED-995065 2/24/94 (No Report) Review of USDA's Marketing Orders for Fruits and Vegetables
RCED-150911 Ongoing Agricultural Marketing: Federally Authorized Commodity Research and Promotion Programs II
RCED-150912 11/7/94 Review of Congressionally Authorized Fluid Milk Research and Promotion (Check-Off) Program
RCED-150816 Ongoing Review of the Administration of User Fees for USDA Services Provided to other Non-Federal Entities

Agricultural Marketing ServicePerformance IndicatorsMarket News, FY 1994:

Commodity Group	<u>Field Offices</u>		Buyers and Sellers Inter- viewed	Printed Reports Issued (Thous.)	Number on Mailing List	No. of Federal Reporters	No. of Mkts. Cov'd
	<u>Year Round</u>	<u>Sea- sonal</u>					
Cotton and Cottonseed	4	--	2,762	79	2,170	7	11
Dairy and Dairy Products	1	--	250	112	2,616	5	60
Fruits and Vegetables	35	12	11,634	1,181	22,710	52	826
Livestock, Grain, and Meat	30	--	15,595	286	4,193	70	705
Poultry and Eggs	12	--	1,700	42	446	24	85
Tobacco	2	2	570	250	2,015	5	135

Standardization:

	<u>FY 1994 Actual</u>	<u>FY 1995 Estimate</u>	<u>FY 1996 Estimate</u>
International and U.S. standards in effect, end of year	572	577	577
Number of commodities covered	235	235	235
Standards reviewed	153	122	119
Standards revised	2	9	12
Standards eliminated	17	2	0
Standards developed	1	5	2

Grading:

Cotton Classifications (thousand bales):

Smith-Doxey Amendment	15,716	18,200	16,000
United States Cotton Standards Act:			
Public Classing Service	19	10	10
U.S. Cotton Futures Act	390	300	300
Total, Cotton Classifications	16,125	18,510	16,310

Poultry and Egg Grading:

Poultry products graded (includes rabbits - million pounds)	16,592	17,324	18,116
Shell eggs graded (million dozen)	1,438	1,400	1,354
Pounds accepted (poultry - million pounds)	863	848	833
Dozens accepted (eggs-million dozen)	860	834	804

Meat Grading:

Meat graded (million pounds)	20,000	20,000	20,000
Meat accepted (million pounds)	7,000	7,000	7,000

Livestock Grading:

Livestock graded (million pounds)	51.1	30	30
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	FY 1994 <u>Actual</u>	FY 1995 <u>Estimate</u>	FY 1996 <u>Estimate</u>
<u>Grading: (Cont'd.)</u>			
Fresh Fruit, Vegetable & Nut Grading:			
Product inspected (million pounds)	85,000	86,500	87,000
Processed Fruit and Vegetable Grading:			
Product inspected (million pounds)	8,820	8,900	8,900
Dairy Grading:			
Butter graded (million pounds)	752	700	700
Cheese graded (million pounds)	91	100	110
Dry milk graded (million pounds)	435	500	550
Other products graded (million pounds)	115	120	125
Plant inspections	988	1,000	1,000
Tobacco Grading:			
Flue-cured (million pounds)	996	880	900
Fire-cured (million pounds)	21	20	20
Dark air-cured (million pounds)	9	9	9
Burley (million pounds)	656	570	580
Tobacco Reinspection (million pounds)	415	150	180
Imported Tobacco Inspection (million pounds)	<u>279</u>	<u>290</u>	<u>280</u>
TOTAL, Tobacco Inspection and Grading	2,376	1,919	1,969
<u>Laboratory Testing: (Number of Tests in Thousands)</u>			
Eastern Lab:			
Poultry (Voluntary)	12	13	15
Tobacco-pesticide	7	7	5
Midwestern Lab:			
Dairy	64	84	90
Miscellaneous	36	40	42
Aflatoxin Labs	117	115	115
Citrus Lab	12	12	12
Cottonseed Lab	23	20	21
<u>Shell Egg Surveillance:</u>			
Egg handler surveillance visits	5,541	5,185	4,800
States and Commonwealths with cooperative agreements	51	51	51
<u>Pesticide Recordkeeping:</u>			
Number of participating states and territories	9	15	28
<u>Pesticide Data Program:</u>			
Participating States	9	9	11a/
Number of commodities	12b/	12c/	12d/
Number of samples collected	8,460e/	8,400	8,400
Number of EPA pesticides	41	42f/	45f/
Total Pesticides Tested	60	65	65
Number of Analyses	45,000	44,000	44,000

a/ Wisconsin and Minnesota are under consideration for sample collection only.

b/ Includes processed products: canned and frozen sweet corn and peas.

c/ Includes wheat, starting January 1995.

d/ Includes whole milk and fat beginning January 1996.

e/ Including the California Direct Public Market samples collected in 1994, the total is approximately 9,000 samples.

f/ Excludes the separate pesticides requested for wheat and milk. Numbers only refer to fruit and vegetable (F&V) commodities. Wheat has a separate profile of 22 pesticides some of which are common with F&V commodities. The final profile for milk has not been determined.

<u>Federal Seed Act:</u>	<u>FY 1994 Actual</u>	<u>FY 1995 Estimate</u>	<u>FY 1996 Estimate</u>
<u>Seed Testing:</u>			
Seed samples tested in connection with:			
Interstate shipments	715	800	825
Check tests	343	400	400
Variety testing	<u>1,960</u>	<u>2,000</u>	<u>2,000</u>
Total number of samples tested	3,018	3,200	3,225
<u>Interstate Enforcement:</u>			
Cases for Investigation:			
Total to be investigated	1,316	1,400	1,300
Investigations completed	573	800	800
Pending at end of year	743	600	500
<u>Administrative Actions:</u>			
No action warranted	65	100	100
Warnings issued	429	500	500
Citations issued	166	200	200
<u>Administrative Settlements:</u>			
Settlements terminated	70	175	175
Settlements pending	103	25	25
<u>Plant Variety Protection:</u>			
Pending applications, beginning of year	608	643	625
New applications received	282	332	350
Certificates issued	210	310	350
Applications abandoned	37	40	50
Pending applications, end of year	643	625	575
Number of years to process pending applications	1.8	1.5	1.4

Research and Promotion Program
(Dollars in Millions)

<u>Programs</u>	<u>FY 1994 Actual</u>		<u>FY 1995 Estimate</u>		<u>FY 1996 Estimate</u>	
	<u>Assessments Collected</u>	<u>Funds Expended</u>	<u>Assessments Collected</u>	<u>Funds Expended</u>	<u>Assessments Collected</u>	<u>Funds Expended</u>
Beef	\$44.0	\$46.4	\$44.0	\$44.0	\$44.0	\$44.0
Cotton	52.0	50.0	54.2	53.1	54.8	54.1
Cut Flowers	--	--	8.0	6.0	10.0	8.0
Dairy	75.6	82.1	76.7	82.5	77.4	80.2
Fluid Milk	53.0	0.0	0.0	45.0	0.0	8.0
Egg	7.5	9.0	14.0	14.5	14.0	14.5
Lime	--	--	0.8	0.5	2.0	1.5
Mushroom	1.0	.9	1.2	1.1	1.2	1.1
Pecan	1.1	0.6	0.0	0.0	0.0	0.0
Honey	2.8	4.1	3.1	4.4	3.1	4.4
Pork	38.5	40.9	31.7	40.5	31.7	40.5
Potato	7.9	5.9	7.5	6.9	7.5	6.9
Soybean	24.9	18.4	24.2	25.0	23.0	25.0
Watermelon	0.9	0.9	0.9	0.9	0.9	0.9
Total	<u>\$309.2</u>	<u>\$259.2</u>	<u>\$266.3</u>	<u>\$324.4</u>	<u>\$269.6</u>	<u>\$289.1</u>

<u>Wholesale Market Development:</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>
<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>
Wholesale market facilities studies completed	3	5	5
Research projects completed	4	5	5
<u>Perishable Agricultural Commodities Act:</u>			
<u>Licensing Activities:</u>			
Licenses renewed	13,124	13,150	13,150
New licenses issued	<u>1,976</u>	<u>1,950</u>	<u>1,950</u>
In effect, end of year	15,100	15,100	15,100
<u>Actions Completed:</u>			
License actions	23,100	23,200	23,200
Reparation actions	45,000	46,000	47,000
Disciplinary actions	56	75	75
Trust Actions	133	150	175
Personal investigations	1,885	2,000	2,175
Misbranding actions	<u>589</u>	<u>565</u>	<u>565</u>
Total Actions	70,763	71,990	73,190
<u>Reparations:</u> (Dollars in thousands)			
Awarded - Formal orders	\$17,889	\$18,000	\$18,500
Payments - Amicable settlements	<u>25,920</u>	<u>26,900</u>	<u>27,400</u>
Total Reparations	43,809	44,900	45,900
<u>Statutory Trust:</u>			
Notices filed	144,600	155,000	165,000
Refunds to sellers (Dollars in Millions)	860	900	950
<u>Commodity Purchase Services:</u>			
<u>Contract bids received:</u>			
Fruits and Vegetables	800	850	875
Meat and Fish	584	650	700
Poultry	<u>615</u>	<u>635</u>	<u>700</u>
Total	1,999	2,135	2,275
<u>Contracts awarded:</u>			
Fruits and Vegetables	493	525	550
Meat and Fish	285	300	350
Poultry	<u>441</u>	<u>465</u>	<u>500</u>
Total	1,219	1,290	1,400
<u>Federal Food Specifications:</u>			
<u>Commercial Item Descriptions</u>			
(CID's) developed, coordinated and approved	4	3	3
CID's revised	17	20	20
Federal Specifications approved	0	1	0
Documents canceled	14	1	1
Department of Defense food documents coordinated	7	6	5
Food product descriptions reviewed	31	30	30
Federal specifications amended	1	0	1

Marketing Agreements and Orders:

	<u>Fluid Milk Orders</u>			<u>Fruit, Vegetable, and Specialty Crop Orders</u>		
	<u>FY 1994 Actual</u>	<u>FY 1995 Estimate</u>	<u>FY 1996 Estimate</u>	<u>FY 1994 Actual</u>	<u>FY 1995 Estimate</u>	<u>FY 1996 Estimate</u>
Active agreement and order programs in effect (including peanut non-signer)	38	34	33	40	37	37
Requests received for new programs	0	0	0	0	5	4

Hearings and Petitions:

Site hearings held to consider amendments to existing orders or the issuance of orders in new areas	7	7	6	7	5	3
Amendments issued	5	6	5	0	4	5
Order suspensions and temporary revisions issued	17	17	14	6	2	5
Requests received to amend orders	9	8	6	0	5	5
Requests disposed of during the year	8	7	5	0	6	8
Administrator's decisions issued	6	7	6	0	7	7
Secretary's decisions issued	4	7	5	0	5	6
Secretary's referendum orders issued	3	3	3	0	10	10
Termination orders issued	1	2	2	3	3	3
New orders issued	N/A	N/A	N/A	0	2	3

Order Operation and Enforcement:

Investigation of alleged violations (cases opened)	3	8	8	80	120	120
Cases referred to the Department of Justice for prosecution	1	7	7	7	15	10
Court cases resolved	3	8	6	1	20	20
15A Petitions received for review	2	4	4	8	10	10
15A Petitions disposed of during the year	1	3	3	1	10	10
Freedom of Information requests	17	20	20	26	30	30

Order Management:

Appointment of an administrative committee	N/A	N/A	N/A	45	45	45
Promulgation of informal rule-making	N/A	N/A	N/A	209	225	225
Budgets and amended budgets approved	14	13	13	41	42	45
Committee/Subcommittee meetings attended	N/A	N/A	N/A	323	325	325
Nomination meetings attended	N/A	N/A	N/A	33	30	30
Million tons regulated	52.9	54.1	54.6	N/A	N/A	N/A
Percent Grade A marketed	75	80	80	N/A	N/A	N/A
Value of marketings (million \$)	14,133	13,779	13,456	N/A	N/A	N/A
Total number of markets	38	34	34	N/A	N/A	N/A
Value of producer deliveries (Million \$)	14,133	13,779	13,456	N/A	N/A	N/A

Marketing Agreements and Orders:

	<u>Fluid Milk Orders</u>			<u>Fruit, Vegetable, and Specialty Crop Orders</u>		
	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
<u>Cooperative Qualifications:</u>						
Cooperatives qualified . .	172	173	173	N/A	N/A	N/A
Cooperative qualifications terminated	5	3	3	N/A	N/A	N/A
Cooperative annual reports reviewed	172	173	173	N/A	N/A	N/A

Available Funds and Staff-Years

1994 Actual and Estimated, 1995 and 1996

Item	1994		1995		1996	
	Actual		Estimated		Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
<u>Agricultural Marketing Service:</u>						
Marketing Services	\$46,228,000	505	\$46,166,000	514	\$50,607,000	508
Payments to States and Possessions	1,300,000	--	1,200,000	--	1,200,000	--
Total	47,528,000	505	47,366,000	514	51,807,000	508
<u>Obligations under other USDA appropriations:</u>						
Agricultural Research Service for statistical services	10,000	--	10,000	--	10,000	--
Consolidated Farm Service Agency: for Center of Excellence	24,000	--	--	--	--	--
for statistical svcs	8,000	--	8,000	--	8,000	--
Educational Research Service for World Food Distribution Training Center	35,938	--	--	--	--	--
Grain Inspection, Packers & Stockyards Administration for statistical services ..	238,000	4	256,000	4	256,000	4
Food & Consumer Service for commodity procurement services	728,895	13	729,000	13	729,000	13
Food Safety & Inspection Service for statistical services	11,000	--	11,000	--	11,000	--
Foreign Agri. Service for emerging democracies	845,902	4	1,095,000	4	1,095,000	4
National Agricultural Statistical Service for statistical services	10,000	--	10,000	--	10,000	--
Miscellaneous Reimbursements	13,000	--	15,000	--	15,000	--
Total, Other USDA Appropriations	1,924,735	21	2,134,000	21	2,134,000	21
Total, Agriculture Appropriations	49,452,735	526	49,500,000	535	53,941,000	529
<u>Permanent Appropriations:</u>						
Funds for Strengthening Markets, Income, and Supply (Section 32) ..	5,355,068,525	163	5,795,222,663	172	6,106,319,703	171
Recovery of prior year obligations	20,804,713	--	--	--	--	--
Carryin	246,300,847	--	245,951,017	--	219,394,297	--
Deduct transfers out	4,832,053,127	--	5,313,842,383	--	5,585,257,000	--
Deduct carryout	-245,951,017	--	-219,394,297	--	-300,000,000	--
Net AMS	544,169,941	163	507,937,000	172	440,457,000	171
Perishable Agricultural Commodities Act Fund ..	7,455,068	116	7,642,000	115	7,809,000	115
Total, Permanent Appropriations	551,625,009	279	515,579,000	287	448,266,000	286
<u>Non-Federal Funds:</u>						
American Egg Board for oversight work	85,407	1	90,000	1	90,000	1
Beef Board for oversight work	186,000	2	208,000	2	208,000	2
Cotton Board for oversight work	158,883	2	180,000	2	180,000	2
Dairy Board for oversight work	262,000	3	339,000	3	339,000	3
Fluid Milk Board for oversight work	148,744	2	292,000	3	292,000	3
Freshcut Flowers Board for oversight work	69,000	1	134,000	1	134,000	1
Honey Board for oversight work	90,000	1	115,000	1	115,000	1
Lime Board for oversight work	26,000	--	134,000	1	134,000	1

AGRICULTURAL MARKETING SERVICE

Available Funds and Staff-Years1994 Actual and Estimated, 1995 and 1996

Item	1994		1995		1996	
	Actual		Estimated		Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Mushroom Board for						
oversight work	86,000	1	93,000	1	93,000	1
Pecan Board for						
oversight work	96,000	1	32,000	1	32,000	1
Pork Board for						
oversight work	143,000	2	206,000	2	206,000	2
Potato Board for						
oversight work	126,027	1	130,000	1	130,000	1
Soybean Board for						
oversight work	176,000	2	196,000	2	196,000	2
Watermelon Board for						
oversight work	108,000	1	114,000	1	114,000	1
Fees for grading of						
cotton and tobacco ...	46,651,658	870	57,054,000	866	58,461,000	874
Grading of farm pro-						
ducts for producers,						
processors, and						
municipal, State and						
Federal Agencies	101,910,934	1,790	102,420,000	1,820	102,420,000	1,770
Milk Market Administra-						
tors for Federal Tele-						
communications System						
employee compensation						
& New York Market						
Administrator	57,264	--	190,000	--	190,000	--
States for collection						
& dissemination of						
market news						
information	117,416	2	113,000	2	113,000	2
Total, Non-Federal						
Funds	150,498,333	2,682	162,040,000	2,710	163,447,000	2,668
Milk Market Orders						
Assessment Funds	36,350,258	534	38,895,000	541	41,618,000	521
Total, Agricultural						
Marketing Service	787,926,335	4,021	766,014,000	4,073	707,272,000	4,004

AGRICULTURAL MARKETING SERVICE

Permanent Positions by Grade and Staff-Year Summary
1994 and Estimated 1995 and 1996

GRADE	1994			1995			1996		
	WASH.:	:		WASH.:	:		WASH.:	:	
	D.C.:	FIELD:	TOTAL:	D.C.:	FIELD:	TOTAL:	D.C.:	FIELD:	TOTAL:
ES-5	2:	--:	2:	2:	--:	2:	2:	--:	2
ES-4	3:	--:	3:	3:	--:	3:	3:	--:	3
ES-3	1:	--:	1:	1:	--:	1:	1:	--:	1
ES-1	7:	--:	7:	7:	--:	7:	6:	--:	6
GS-15	32:	1:	33:	31:	1:	32:	30:	1:	31
GS-14	79:	19:	98:	75:	18:	93:	72:	16:	88
GS-13	130:	64:	194:	129:	64:	193:	129:	64:	193
GS-12	177:	167:	344:	176:	167:	343:	176:	167:	343
GS-11	65:	243:	308:	64:	243:	307:	64:	236:	300
GS-10	--:	12:	12:	--:	12:	12:	--:	12:	12
GS-9	38:	628:	666:	37:	627:	664:	37:	607:	644
GS-8	10:	188:	198:	10:	188:	198:	10:	188:	198
GS-7	60:	307:	367:	59:	306:	365:	59:	296:	355
GS-6	56:	53:	109:	54:	52:	106:	54:	52:	106
GS-5	55:	214:	269:	55:	212:	267:	55:	207:	262
GS-4	33:	169:	202:	32:	167:	199:	32:	167:	199
GS-3	6:	28:	34:	6:	26:	32:	6:	26:	32
GS-2	--:	3:	3:	--:	2:	2:	--:	2:	2
Milk Market	:	:	:	:	:	:	:	:	:
Orders Adminis-	:	:	:	:	:	:	:	:	:
trators & Staff:	--:	533:	533:	--:	533:	533:	--:	513:	513
Ungraded	:	:	:	:	:	:	:	:	:
Positions	1:	27:	28:	1:	27:	28:	1:	27:	28
Total Permanent	:	:	:	:	:	:	:	:	:
Positions	755:	2,656:	3,411:	742:	2,645:	3,387:	737:	2,581:	3,318
Unfilled	:	:	:	:	:	:	:	:	:
Positions	:	:	:	:	:	:	:	:	:
end-of-year	-31:	-40:	-71:	--:	--:	--:	--:	--:	--
Total, Permanent	:	:	:	:	:	:	:	:	:
Employment, end-	:	:	:	:	:	:	:	:	:
of year	724:	2,616:	3,340:	742:	2,645:	3,387:	737:	2,581:	3,318
Staff-Year	:	:	:	:	:	:	:	:	:
Ceiling	653:	3,368:	4,021:	668:	3,405:	4,073:	663:	3,341:	4,004

AGRICULTURAL MARKETING SERVICE

CLASSIFICATION BY OBJECTS1994 and Estimated 1995 and 1996

	<u>1994</u>	<u>1995</u>	<u>1996</u>
Personnel Compensation:			
Headquarters	\$6,786,546	\$ 6,842,000	\$ 7,181,000
Field	<u>13,256,414</u>	<u>13,484,000</u>	<u>14,402,000</u>
11 Total personnel compensation	20,042,960	20,326,000	21,583,000
12 Personnel benefits	4,493,577	4,470,000	4,737,000
13 Benefits for former personnel	<u>56,482</u>	<u>86,000</u>	<u>86,000</u>
Total personnel compensation and benefits	<u>24,593,019</u>	<u>24,882,000</u>	<u>26,406,000</u>
Other Objects:			
21 Travel	1,118,492	1,304,000	1,515,000
22 Transportation of things	119,716	56,000	62,000
23.2 Rental payments to others	469,773	708,000	775,000
23.3 Communications, utilities and misc. charges	1,698,926	1,947,000	1,894,000
24 Printing and reproduction	225,180	320,000	412,000
25.1 Consulting services	193,000	76,000	76,000
25.2 Other services	12,901,713	13,584,000	16,022,000
25.3 Purchases of goods and services from Government Accounts	1,609,100	1,610,000	1,596,000
25.5 Research and development contracts ...	273,000	273,000	273,000
26 Supplies and materials ..	840,734	773,000	878,000
31 Equipment	1,144,004	633,000	698,000
32 Land and structures	373	--	--
42 Insurance claims and indemnities.....	23,539	--	--
41 Grants, subsidies and contributions	1,300,000	1,200,000	1,200,000
43 Interest and dividends ..	<u>172</u>	<u>--</u>	<u>--</u>
Total other objects	<u>21,917,722</u>	<u>22,484,000</u>	<u>25,401,000</u>
Total obligations	<u>46,510,741</u>	<u>47,366,000</u>	<u>51,807,000</u>
<u>Position Data:</u>			
Average Salary, ES positions .	104,037	107,387	110,383
Average Salary, GS positions .	35,608	36,778	37,567
Average Grade, GS positions ..	8.84	8.85	8.85

PASSENGER MOTOR VEHICLES

The 1996 Budget Estimates propose the purchase of nineteen replacements and two additional motor vehicles.

The estimated number of passenger motor vehicles available for 1996 is the minimum necessary to maintain essential services in AMS programs. These cars are used to provide the following necessary services such as: (1) traveling to places which in most cases are not accessible by common carriers, such as farms, market terminals, offices of product dealers and truckers, processing plants, canneries, stockyards, cotton gins, and compress operators; (2) carrying special grading and testing equipment used for inspecting and grading commodities and for performing other work required under the Agricultural Marketing Act of 1946; U.S. Cotton Standards Act; Cotton Statistics and Estimates Act; Tobacco Inspection Act; and Dairy and Tobacco Adjustment Act; and (3) carrying boxes of cotton standards types for use in classing work and demonstration at farmers' meetings.

Additional passenger motor vehicles. Two additional passenger motor vehicles are requested for use in the transportation and marketing division. During fiscal year 1996, AMS plans to implement the organic certification program and will need the vehicles to perform reviews of the certifying agents.

Replacement of passenger motor vehicles. Replacement of 19 of the 43 vehicles that will be in operation is proposed. All vehicle replacements will be in accordance with GSA vehicle replacement standards.

The age and mileage data for passenger motor vehicles on hand as of September 30, 1994 are as follows:

<u>Age-Year Model</u>	<u>Age Data</u>		<u>Lifetime Mileage (thousands)</u>	<u>Mileage Data</u>	
	<u>Number of Vehicles</u>	<u>Percent of Total</u>		<u>Number of Vehicles</u>	<u>Percentage of Total</u>
1989 or older	7	19	80 or over	2	5
1990	3	8	60-80	2	5
1991	3	8	40-60	6	17
1992	3	8	20-40	0	0
1993	3	8	under 20	27	73
1994	18	49			
Total	37	100	Total	37	100

AGRICULTURAL MARKETING SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Marketing Services:

For necessary expenses to carry on services related to consumer protection, agricultural marketing and distribution, transportation, [agricultural cooperatives,] and regulatory programs, as authorized by law and for administration and coordination of payments to States; including field employment pursuant to section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$90,000 for employment under 5 U.S.C. 3109, [\$56,591,000;] \$50,607,000; including funds for the Wholesale Market Development Program for the design and development of wholesale and farmer market facilities for the major metropolitan areas of the country: Provided, That this appropriation shall be available pursuant to law (7 U.S.C. 2250) for the alteration and repair of buildings and improvements, but the cost of altering any one building during the fiscal year shall not exceed 10 per centum of the current replacement value of the building.

Fees may be collected for the cost of standardization activities, as established by regulation pursuant to law (31 U.S.C. 9701).

The change deletes agricultural cooperatives from this language because of the Secretary's reorganization plan which transferred this function to Rural Business and Cooperative Development Service.

MARKETING SERVICES--CURRENT LAW

Appropriations Act, 1995	\$56,591,000
Budget Estimate, 1996	<u>50,607,000</u>
Decrease in Appropriation	<u>-5,984,000</u>

Adjustments in 1995:

Appropriations Act, 1995	\$56,591,000
Activities transferred to	
Food Safety and Inspection Service a/	<u>-10,425,000</u>
Adjusted base for 1995	46,166,000
Budget Estimate, Current Law, 1996	<u>50,607,000</u>
Increase over adjusted 1995	<u>+4,441,000</u>

a/ Pursuant to Secretary's Memorandum No. 1010-1, dated October 20, 1994 the egg products inspection functions were transferred to the Food Safety and Inspection Service from this account. The full cost of the activity is \$10,425,000 for 1995 and \$11,122,000 for 1996.

MARKETING SERVICES - PROPOSED LEGISLATION

Budget Estimate, Current Law, 1996	\$50,607,000
Change due to proposed legislation	<u>-3,887,000</u>
Net Request, President's 1996 Budget Request	<u>46,720,000</u>

SUMMARY OF INCREASES AND DECREASES - CURRENT LAW

(On basis of adjusted appropriation)

<u>Item of Change</u>	<u>1995 Estimated</u>	<u>Program Changes</u>	<u>Pay Cost</u>	<u>Other Changes</u>	<u>1996 Estimated</u>
Market News Service	\$19,552,000	--	+\$296,000	-\$231,000	\$19,617,000
Surveill. & Standardiza.	6,162,000	+\$351,000	+109,000	-95,000	6,527,000
Market Protection & Prom	15,471,000	+4,267,000	+69,000	-326,000	19,481,000
Wholesale Market Devel..	2,346,000	--	+36,000	-36,000	2,346,000
Transportation Services.	<u>2,635,000</u>	<u>--</u>	<u>+38,000</u>	<u>-37,000</u>	<u>2,636,000</u>
Total Available	<u>46,166,000</u>	<u>+4,618,000</u>	<u>+548,000</u>	<u>-725,000</u>	<u>50,607,000</u>

PROJECT STATEMENT - CURRENT LAW

(On basis of adjusted appropriation)

	<u>1994 Actual</u>	<u>1995 Estimated</u>	<u>Increase</u>	<u>1996 Estimated</u>
	<u>Staff-</u>	<u>Staff-</u>	<u>or</u>	<u>Staff-</u>
	<u>Amount</u>	<u>Amount</u>	<u>Decrease</u>	<u>Amount</u>
	<u>Years</u>	<u>Years</u>		<u>Years</u>
1. <u>Market News</u>	:	:	:	:
<u>Service:</u>	:	:	:	:
(a) Cotton and	:	:	:	:
cottonseed..	\$1,909,427: 24:	\$2,042,000: 25:	+\$4,000:	\$2,046,000: 25
(b) Dairy	:	:	:	:
products ..	648,797: 9:	614,000: 9:	+4,000:	618,000: 9
(c) Fruits and	:	:	:	:
vegetables..	5,934,537: 106:	5,688,000: 101:	+19,000:	5,707,000: 101
(d) Livestock,	:	:	:	:
meats&grain:	7,419,301: 120:	7,653,000: 124:	+25,000:	7,678,000: 121
(e) Poultry	:	:	:	:
products ...	2,634,459: 36:	2,594,000: 35:	+9,000:	2,603,000: 35
(f) Tobacco	<u>873,681: 16:</u>	<u>961,000: 18:</u>	<u>+4,000:</u>	<u>965,000: 17</u>
Total,	:	:	:	:
Market News	:	:	(1):	:
Service	19,420,202: 311:	19,552,000: 312:	+65,000:	19,617,000: 308

PROJECT STATEMENT - CURRENT LAW
(On basis of appropriation)

	1994 Actual		1995 Estimated		Increase or Decrease	1996 Estimated	
	Amount	Staff-Years	Amount	Staff-Years		Amount	Staff-Years
2. <u>Surveillance & Standardiza.</u>							
(a) Shell egg surveillance:	2,226,037:	21:	2,280,000:	21:	+360,000:	2,640,000:	22
(b) Standardiza.:	3,427,241:	54:	3,882,000:	57:	+5,000:	3,887,000:	55
Total, Surveill. & Standardiza.:	5,653,278:	75:	6,162,000:	78:	(2):	6,527,000:	77
3. <u>Market Protection and Promotion:</u>							
(a) Federal Seed Act ..	1,180,366:	15:	1,191,000:	16:	-15,000:	1,176,000:	16
(b) Market development and assistance.:	13,982,154:	48:	14,280,000:	51:	+4,025,000:	18,305,000:	51
Total, Market Protection and Promotion	15,162,520:	63:	15,471,000:	67:	(3):	19,481,000:	67
4. <u>Wholesale Market Development.</u>	2,333,826:	27:	2,346,000:	28:	--:	2,346,000:	27
5. <u>Transportation Svcs.</u>	2,640,914:	29:	2,635,000:	29:	(4):	2,636,000:	29
Unobligated bal.:	1,017,260:	--:	--:	--:	--:	--:	--
Total, available or estimate ...:	46,228,000:	505:	46,166,000:	514:	+4,441,000:	50,607,000:	508
Transfer to:							
Rural Business and Cooperative Development Svcs	+4,158,000:						
Food Safety and Inspection):	+10,728,000:						
Service	+500,000:	--:	+10,425,000:				
Total, appropriation.:	61,614,000:	505:	56,591,000:				

JUSTIFICATION OF INCREASES AND DECREASES
Marketing Services

- (1) A net increase of \$65,000 for Market News services (\$19,552,000 available in 1995) consisting of:
- (a) an increase of \$57,000 for annualization of fiscal year 1995 pay raise and \$239,000 for the anticipated fiscal year 1996 pay raise.
 - (b) an increase of \$153,000 which reflects a 3.0% increase in non-salary costs.
 - (c) a decrease of \$207,000 for a reduction in Federal employment costs.

In support of the Secretary's streamlining efforts and the President's Executive Order mandating a reduction in Federal employment, AMS is reducing employment from the 1993 base.

To achieve the reduction target, AMS will eliminate 4 staff-years by the end of FY 1996.

- (d) a decrease of \$153,000 for administrative efficiency.

To implement the President's Executive Order to reduce overhead-type outlays from the FY 1993 baseline, budget authority is reduced.

In order to achieve these administrative savings, AMS will reduce the costs of recruitment, travel, supplies, printing and reproduction, utilities, automation, program cost accounting, training, rent, and cooperative agreements in FY 1996.

- (e) a decrease of \$24,000 for FTS 2000 funding.

This decrease reflects lower long-distance telecommunications prices due to price redeterminations in the FTS 2000 contracts.

- (2) A net increase of \$365,000 for Standardization and Shell Egg Surveillance activities (\$6,162,000 available in 1995) consisting of:

- (a) an increase of \$21,000 for annualization of fiscal year 1995 pay raise and \$88,000 for the anticipated fiscal year 1996 pay raise.

- (b) an increase of \$69,000 which reflects a 3.0% increase in non-salary costs.

- (c) a decrease of \$93,000 for a reduction in Federal employment costs.

In support of the Secretary's streamlining efforts and the President's Executive Order mandating a reduction in Federal employment, AMS is reducing employment from the 1993 base.

To achieve the reduction target, AMS will eliminate 2 staff-years by the end of FY 1996.

- (d) a decrease of \$69,000 for administrative efficiency.

To implement the President's Executive Order to reduce overhead-type outlays from the FY 1993 baseline, budget authority is reduced.

In order to achieve these administrative savings, AMS will reduce the costs of recruitment, travel, supplies, printing and reproduction, utilities, automation, program cost accounting, training, rent, and cooperative agreements in FY 1996.

- (e) a decrease of \$2,000 for FTS 2000 funding.

This decrease reflects lower long-distance telecommunications prices due to price redeterminations in the FTS 2000 contracts.

- (f) an increase of \$351,000 to fulfill temperature requirements of the Egg Products Inspection Act:

Shell Egg Surveillance costs have increased due to amendments to the Egg Products Inspection Act, enacted on December 13, 1991. The amendments require that eggs must be held at 45 degrees Fahrenheit ambient temperature after packing, and that egg cartons and cases must be labeled to indicate that refrigeration is required. AMS is responsible for verifying that registered shell

egg packing plants are complying with these legislative requirements. State and Federal staff must perform temperature checks using specialized equipment, prolonging the time spent and raising costs.

Additional funding will be used to offset increased Federal costs and reimbursements to the States cooperating in administering the program. State and Federal personnel must make a minimum of 4 temperature checks annually at each of the 1,116 registered packing plants and in thousands of transport vehicles. Since State personnel are responsible for shell egg surveillance in most States, reimbursements to the States will be increased to finance the expanded workload. In Michigan, Missouri, Tennessee, and Puerto Rico, where shell egg monitoring is performed by Federal employees, current personnel will incur additional time and expenses in performing temperature checks.

One additional staff year of effort will be carried out across the United States.

(3) A net increase of \$4,010,000 for Market Protection and Promotion (\$15,471,000 available in 1995) consisting of:

- (a) an increase of \$14,000 for annualization of fiscal year 1995 pay raise and \$55,000 for the anticipated fiscal year 1996 pay raise.
- (b) an increase of \$392,000 which reflects a 3.0% increase in non-salary costs.
- (c) a decrease of \$311,000 for a reduction in Federal employment costs.

In support of the Secretary's streamlining efforts and the President's Executive Order mandating a reduction in Federal employment, AMS is reducing employment from the 1993 base.

To achieve the reduction target, AMS will eliminate 5 staff-years by the end of FY 1996.

- (d) a decrease of \$392,000 for administrative efficiency.

To implement the President's Executive Order to reduce overhead-type outlays from the FY 1993 baseline, budget authority is reduced.

In order to achieve these administrative savings, AMS will reduce the costs of recruitment, travel, supplies, printing and reproduction, utilities, automation, program cost accounting, training, rent, and cooperative agreements in FY 1996.

- (e) a decrease of \$15,000 for FTS 2000 funding.

This decrease reflects lower long-distance telecommunications prices due to price redeterminations in the FTS 2000 contracts.

- (f) an increase of \$556,000 to continue implementation of the Organic Certification program.

The Organic Foods Production Act of 1990 required the Secretary to establish and implement national minimum organic standards and a program to certify organic production.

AMS is currently working to establish national standards and definitions governing the marketing of agricultural products as organically produced. National standards will facilitate the movement of products between states, and assure consumers of the validity of the organic label. AMS is also working with the National Organic Standards Board to begin accrediting state agricultural departments and private persons who will inspect participating producers and handlers to certify compliance with the organic program.

The organic industry today is valued at over \$1.5 billion, and is growing at a rate of 20% per year. As the industry grows, the implementation of the accreditation program becomes more complex. AMS estimates that when the program is implemented, 35 private agencies will certify approximately 5,000 organic producers. With this large workload, we anticipate the need for effective control and enforcement procedures to ensure the integrity of the organic label. AMS will monitor State programs' compliance with the national regulations, and develop a system to prevent fraudulent labeling.

Beyond the domestic market, AMS recognizes the importance of access to global markets in today's economy, and will also seek to facilitate the international marketing of organic products. U.S. producers already face difficulty in exporting organic products to the new European Union. We will work to ensure the harmonization of standards by monitoring existing international organic programs, and participating in the development of international agreements for organic production and products. Current funding is not adequate to expedite development, ensure labeling integrity, or to allow AMS to facilitate global trade.

AMS must dedicate additional personnel to more effectively and efficiently design and implement the organic certification program and to provide Federal oversight of the continuing program. Once the program is established, the accreditation of certifying agents by a peer review panel will be funded by user fees assessed to the certifying agents.

Four additional staff years of effort will be carried out from headquarters in Washington, D.C.

- (g) an increase of \$2,661,000 for Pesticide Recordkeeping to fully implement the program.

The 1990 Farm Bill mandated that applicators of federally restricted-use pesticides maintain records on their use. In fiscal year 1994, AMS provided funding to approximately twelve states to conduct compliance monitoring activities. Sixteen states already have regulations governing certified private applicator recordkeeping and these states are expected to continue their programs. Twelve more states will conduct cooperative activities once funds are available. However, initial discussions indicate that approximately ten states will not enter into cooperative agreements with AMS. In these instances, AMS is required to implement a Federal program.

Given the availability of expertise and field staff in the States to administer the program, AMS will continue entering into cooperative agreements with state designated agencies. Federal monitoring programs will be established in those states not willing to enter into cooperative programs with AMS.

One additional staff year of effort will be carried out from the office in Manassas, VA.

- (h) an increase of \$1,050,000 - for a Center of Excellence in World Food Distribution at Prairie View A&M University.

USDA agencies have been encouraged to establish mutually beneficial partnerships with 1890 institutions to conduct a range of programs and activities built around centers of excellence. These centers are to be on campus entities committed, in part, to the support of specific USDA agency programs or activities. In addition to support from USDA agencies, the centers will address the needs of the agribusiness community and ultimately receive significant support from non-Federal sources. In a rapidly changing world agricultural marketplace, there is a need for well-trained and knowledgeable staff to work in the distribution, transportation, and trade of food and fiber products. Currently, only a small number of minorities work in the domestic and international transportation and distribution industry and related state and federal agencies. A center of excellence focused on addressing these needs will provide students with a strong educational foundation to pursue a career in domestic and international marketing and trade.

The Agricultural Marketing Service (AMS) and four other USDA agencies (CFSA, FAS, FCS, and ERS) have provided support for planning, development and beginning operation of the World Food Distribution Training Center (WFDTTC) located at Prairie View A&M University and three collaborating Texas A&M System Universities: Texas A&M College Station, Texas A&M International at Laredo, and Texas A&M University at Kingsville. With funding requested for 1996 for AMS, the WFDTTC will provide: a) a common curriculum at each of the Universities of specialized applied transportation, trade, and related courses, b) student internships, cooperative education opportunities and other forms of student support, c) faculty enhancement, d) library enhancement, and e) the development and use of interactive media to make most effective and efficient use of teaching resources within the system of cooperating universities.

The cooperating agencies will continue to support the WFDTTC primarily by providing opportunities for student internships and with active participation in planning and policy direction to make sure agency needs are well understood and addressed. Additional support for the Center will come from the Texas Department of Agriculture and from agribusiness firms and associations including the National-American Wholesale Grocers' Association and the National Grain and Feed Association and others.

No additional staff years are required for this proposal.

- (4) No net change for Wholesale Market Development (\$2,346,000 available in 1995) consisting of:
- (a) an increase of \$7,000 for annualization of fiscal year 1995 pay raise and \$29,000 for anticipated fiscal year 1996 pay raise.
 - (b) an increase of \$25,000 which reflects a 3.0% increase in non-salary costs.

- (c) a decrease of \$34,000 for a reduction in Federal employment costs.

In support of the Secretary's streamlining efforts and the President's Executive Order mandating a reduction in Federal employment, AMS is reducing employment from the 1993 base.

To achieve the reduction target, AMS will eliminate 1 staff-year by the end of FY 1996.

- (d) a decrease of \$25,000 for administrative efficiency.

To implement the President's Executive Order to reduce overhead-type outlays from the FY 1993 baseline, budget authority is reduced.

In order to achieve these administrative savings, AMS will reduce the costs of recruitment, travel, supplies, printing and reproduction, utilities, automation, program cost accounting, training, rent, and cooperative agreements in FY 1996.

- (e) a decrease of \$2,000 for FTS 2000 funding.

This decrease reflects lower long-distance telecommunications prices due to price redeterminations in the FTS 2000 contracts.

- (5) A net increase of \$1,000 for Transportation Services (\$2,635,000 available in 1995) consisting of:

- (a) an increase of \$7,000 for annualization of fiscal year 1995 pay raise and \$31,000 for anticipated fiscal year 1996 pay raise.

- (b) an increase of \$25,000 which reflects a 3.0% increase in non-salary costs.

- (c) a decrease of \$34,000 for a reduction in Federal employment costs.

In support of the Secretary's streamlining efforts and the President's Executive Order mandating a reduction in Federal employment, AMS is reducing employment from the 1993 base.

- (d) a decrease of \$25,000 for administrative efficiency.

To implement the President's Executive Order to reduce overhead-type outlays from the FY 1993 baseline, budget authority is reduced.

In order to achieve these administrative savings, AMS will reduce the costs of recruitment, travel, supplies, printing and reproduction, utilities, automation, program cost accounting, training, rent, and cooperative agreements in FY 1996.

- (e) a decrease of \$3,000 for FTS 2000 funding.

This decrease reflects lower long-distance telecommunications prices due to price redeterminations in the FTS 2000 contracts.

Agricultural Marketing Service
Summary of Proposed Legislation

SUMMARY OF INCREASES AND DECREASES - PROPOSED LEGISLATION

	1996		
	Current Law	Program Change	President's Request
Inspection & Standardization .	\$6,527,000	-\$3,887,000	\$2,640,000
All Other	<u>44,080,000</u>	<u>--</u>	<u>44,080,000</u>
Total Available	<u>50,607,000</u>	<u>-3,887,000</u>	<u>46,720,000</u>

Explanation of Proposed Legislation:

COMMODITY STANDARDS

AMS is responsible for developing quality standards for all commodities except grains. Quality standards provide additional information that facilitates trade among producers, sellers, and consumers of agricultural commodities. AMS quality standards also provide a means of measuring value to establish price. In the fiscal year 1994 budget, Congress appropriated funding for the standardization program, but added the requirement that user fees be assessed and deposited to the Treasury's general fund. AMS began charging fees for standardization activities to customers of AMS grading services.

Since the beneficiaries are now paying for the cost of standardization services, it is inappropriate to continue to reflect the activity as funded from tax dollars. Furthermore, both administrative and tax benefits would result from the change in funding. Budget authority, which requires supporting tax assessments, would be reduced. Retention of user fees by AMS would eliminate the need to transfer assessments to Treasury, which complicates program administration and curtails AMS' flexibility in setting fees. This proposal would simplify program administration. Therefore, AMS proposes to retain the funds collected from user fees, and that Congress eliminate appropriated funding for standardization activities.

This proposal is expected to generate a reduction in appropriated funding totalling \$3,887,000.

Agricultural Marketing Service
Marketing Services
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1994 and Estimated 1995 and 1996

	1994		1995		1996	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Alabama	\$96,488	2	\$92,000	2	\$208,000	2
Alaska	4,688	--	--	--	116,000	--
Arizona	366,160	8	369,000	8	370,000	8
Arkansas	369,818	5	373,000	5	531,000	5
California	3,689,249	22	3,804,000	23	3,865,000	23
Colorado	319,716	6	317,000	6	434,000	6
Delaware	4,688	--	--	--	116,000	--
District of Columbia.	17,325,049	171	17,544,000	173	18,118,000	169
Florida	1,690,427	7	1,693,000	7	1,694,000	7
Georgia	661,545	14	661,000	14	779,000	14
Hawaii	4,688	--	--	--	116,000	--
Idaho	148,165	3	144,000	3	144,000	3
Illinois	934,098	15	934,000	15	936,000	15
Iowa	1,922,803	33	1,942,000	33	2,160,000	32
Kansas	295,544	6	293,000	6	410,000	6
Kentucky	186,442	4	183,000	4	300,000	4
Louisiana	184,916	4	181,000	4	298,000	4
Maine	45,460	1	46,000	1	46,000	1
Maryland	1,317,997	18	1,330,000	19	1,316,000	19
Massachusetts	190,784	4	192,000	4	193,000	4
Michigan	1,312,076	5	1,309,000	5	1,310,000	5
Minnesota	249,460	5	246,000	5	363,000	5
Mississippi	948,468	9	1,048,000	10	1,164,000	10
Missouri	478,774	10	477,000	10	595,000	10
Montana	94,215	2	90,000	2	206,000	2
Nebraska	359,670	7	357,000	7	474,000	7
New Jersey	313,713	6	316,000	6	318,000	6
New Mexico	4,688	--	--	--	116,000	--
New York	2,406,957	14	2,412,000	14	2,415,000	14
North Carolina	1,177,831	16	1,277,000	17	1,478,000	18
Ohio	228,723	2	229,000	2	229,000	2
Oklahoma	256,340	4	239,000	4	240,000	4
Oregon	178,180	3	174,000	3	175,000	3
Pennsylvania	471,756	10	475,000	10	477,000	10
Puerto Rico	4,688	--	--	--	116,000	--
South Carolina	560,172	10	660,000	11	713,000	11
South Dakota	202,774	4	199,000	4	316,000	4
Tennessee	1,199,058	22	1,299,000	23	1,236,000	22
Texas	2,101,375	17	2,102,000	17	3,155,000	16
Utah	26,565	--	22,000	--	22,000	--
Virginia	1,672,430	20	1,937,000	21	2,021,000	21
Washington	773,781	8	776,000	8	777,000	8
West Virginia	44,375	1	45,000	1	45,000	1
Wisconsin	267,378	5	264,000	5	265,000	5
Wyoming	118,568	2	115,000	2	231,000	2
Subtotal, Available or Estimate	\$45,210,740	505	\$46,166,000	514	\$50,607,000	508
Unobligated balance	1,017,260	--	--	--	--	--
Total, Available or Estimate	\$46,228,000	505	\$46,166,000	514	\$50,607,000	508

AGRICULTURAL MARKETING SERVICE

STATUS OF PROGRAM

MARKETING SERVICES

MARKET NEWS

Current Activities:

The Market News Service provides current, unbiased information on supplies, demand, prices, movement, location, quality, condition, and other market data on farm products in specific markets and marketing areas. This information is supplied to producers, processors, distributors, and others to assist them in the orderly marketing and distribution of farm commodities.

Selected Examples of Recent Progress:1. Market News Information System:

In order to improve the gathering, reporting, and historical retrieval of data, AMS is developing a capitalized market news database system. In FY 1994, implementation and enhancements of the system continued with further integration of field office databases with headquarters' databases for all commodities. Most of the larger fruit & vegetable offices were added to a wide-area network which enabled them to download data more quickly and reliably. The wide-area network also allowed the field offices to utilize the same network services; i.e. e-mail and electronic issuances, available to headquarters' staff. Also, in response to monitoring requirements of the NAFTA legislative, our market news program is providing specialized data from the database to the U.S. International Trade Commission and the Foreign Agricultural Service.

2. International Cooperation and Reporting:

In order to expand the amount of foreign market news data available to U.S. producers, traders, and exporters, AMS has begun to report data from selected foreign markets. In cooperation with Servicio Nacional de Informacion de Mercados, we began issuing two new poultry weekly reports from Mexico City. The reports cover wholesale and retail prices on whole broiler/fryers, broiler/fryer parts, hens, and retail egg prices. Existing reports were also revised to include export trading on turkey parts and comminuted chicken and chicken meat. We have also met with foreign delegations from France, Poland, Czech Republic, and various republics of the former Soviet Union to exchange information on our poultry market news program and the U.S. poultry and egg industries.

We also began work on a direct electronic data exchange program with Mexico and Canada. Wholesale fruit and vegetable market data from Toronto and Montreal is being transmitted directly into the AMS Market News database. The initial design work for the Mexico data exchange was completed in FY 1994.

AMS also began reporting wholesale price information on the Hamburg, Germany ornamental market and the Rungis fruit and vegetable market in Paris, France. Information from Poland and Bulgaria will be added in FY 1995 as a result of successful AMS technical assistance projects to create market information systems in those countries.

3. Market Assistance:

Using funds provided by the Support Eastern European Development Act and Emerging Democracies, we have been working with several countries to assist them in developing market information programs. In Poland, our market information project entered its second year of operation. Information is being collected and disseminated throughout the nation and the program has expanded reporting to include fruits and vegetables, a direct hog report, and dairy products, in addition to the livestock, meat, and grain already reported.

The market information program in Kazakhstan was initiated in April. Akmolai Agricultural Institute is coordinating the project. The first reports, covering livestock and grain, were disseminated in July. In Bulgaria, we completed a two year market information system project for fruits and vegetables. Daily coverage of three major wholesale terminals and free-on-board shipping point reporting of greenhouse vegetables is now available.

In Russia, our work with the Russian Ministry of Agriculture to develop a nationwide market information system entered its second year. Successful implementation of pilot projects to report on commodities in the Kaluga and Belgorod Oblasts as well as the autonomous Mariy-El Republic was completed.

4. New Market Reports:

During 1994, AMS began releasing free-on-board (f.o.b.) reports on numerous new Caribbean Basin commodities. The newly reported fruits and vegetables were ginger, yams, strawberries, Chilean onions and Brazilian garlic. The new ornamental varieties added were liatris, aster and nivi-belgii as well as reporting seasonal specialty packs.

At the request of the U.S. poultry industry, we began reporting an f.o.b. dock or equivalent price series on broiler/fryer parts in the southern United States. The new report allows for greater industry participation and is used as a guide for product moving into both domestic and export channels.

A daily national lamb summary report was initiated in Des Moines, Iowa. The report is available by mail or facsimile, and covers meat and live lamb sales. Lastly, we also began releasing a grain transportation report. The report recaps grain movement by rail and barge throughout the United States.

5. Streamlining Efforts:

AMS undertook several efforts in FY 1994 to streamline our operations and better serve our customers. Poultry market reporting was consolidated from the Kansas City, MO office into our Des Moines, IA office. We also consolidated our livestock and meat reporting office in Visalia, CA with our office in Phoenix, AZ. The Visalia and Kansas City offices were closed. We realigned dairy reporting to reflect the changing nature of the manufactured dairy products industry, and a widely used report on nonfat dry milk prices was modified to better represent the types of products being traded.

Our sheep and lamb reporting was centralized to better serve the industry. Four offices were designated as the primary sheep and lamb reporting offices. Now, consolidated information covering a wide area is available by placing a single call to one of these offices. The terminology used to report feeder lambs was changed to frame size and muscle thickness. These terms reflect industry procurement practices of purchasing lambs to fit their feeding procedures rather than the ultimate slaughter grade.

In Tennessee, we began using laptop computers to report feeder cattle auctions. In addition to paragraph style market reports, producers will now have weighted feeder cattle reports that can be compared to the Chicago Mercantile Exchange cash settlement price for feeder cattle.

Computer-aided telephone market information systems are now being used in Virginia and Tennessee. Virginia's system replaced tape-recorded messages with a touch-tone menu system.

INSPECTION, GRADING AND STANDARDIZATION

Current Activities:

The Agricultural Marketing Service continues to provide quality grade standards for commodities as requested by industry and consumer groups. Congressional authorization directs USDA to provide such quality grade standards "to encourage uniformity and consistency in commercial practices." Use of USDA's federal grading program is strictly voluntary, with users paying for the cost of the service.

AMS currently has 572 quality grade standards in place for poultry, eggs, meat, dairy products, fresh and processed fruits and vegetables, cotton, tobacco, naval stores, wool, mohair, and livestock. These food and fiber standards are widely used by the private industry in domestic and international contracting, as the basis for futures market contracts, and as the benchmark for purchase specifications in most private contracts.

Selected Examples of Recent Progress:

Shell Egg Surveillance:

The shell egg surveillance program monitors the disposition of "restricted eggs" (eggs that are cracked, dirty, incubator rejects, inedible, leaking, or otherwise unfit for human consumption) to ensure that only eggs fit for human consumption are available to consumers. Inedible eggs constitute a small proportion of all eggs. Most inedible shell eggs are used in animal feed, and the remainder are destroyed. As a result of plants closing and consolidating, the number of shell egg handlers and hatcheries inspected at least quarterly in FY 1994 decreased to 888 shell egg handlers and 445 hatcheries.

The problem of *Salmonella enteritidis* (Se) in shell eggs diminished somewhat as a serious human health issue during FY 1994. Where requested, AMS continues to cooperate with APHIS and State agencies to control the movement of eggs from infected flocks, once identified, to processing establishments for pasteurization rather than to fresh egg markets. The FDA has issued a model code interpretation for handling eggs in retail establishments. In 1991, the EPIA was amended to require refrigeration of eggs immediately after packaging. The refrigeration requirement applies during storage and transportation. However, implementation of the regulations has been delayed because the specific 45 degrees Fahrenheit refrigeration requirement is not routinely attainable in transportation vehicles. The industry is seeking a change in the wording of the amended statute.

Grading and Standardization:

a. Cotton Classing:

AMS classified 15.7 million samples of cotton under the grower classing program in FY 1994, with all Upland cotton classed by the High Volume Instrument (HVI) method. In addition, classification of 409,000 samples was provided under the Cotton Futures and Cotton Standards Acts. Classification data continues to be provided via telecommunication to most growers or their agents.

Purchasers of cotton, primarily merchants and manufacturers, increased their use of AMS' central database to obtain classing data. FSA also accessed this system to obtain quality information for loan purposes.

Producers of 3.1 million bales participated in the module/trailer averaging program which increased the accuracy and repeatability of HVI measurements.

Fees and Charges in Effect:

<u>Service Performed</u>	<u>FY 1994 Fees a/</u>
Cotton Grading	\$1.80 per sample for HVI classing
a/ This is the net fee collected. There is a five cent per sample discount if producers are billed through voluntary central agents (e.g., cotton gins and warehouses).	

b. Tobacco Grading:

Approximately 98 percent (1.6 billion pounds) of all tobacco domestically produced in FY 1994 was graded by Federal tobacco inspectors and sold at auction markets. In addition, AMS reinspected about 414 million pounds of tobacco pledged as collateral by growers under the Commodity Credit Corporation loan program.

The Dairy and Tobacco Adjustment Act of 1983 requires that all tobacco (except cigar and oriental types) imported into the United States be inspected to ascertain the type and quality of imported tobacco. The imported tobacco inspection program was initiated in 1984. In 1992 it was converted to the metric system. During FY 1994, AMS inspected approximately 126 million kilograms of imported tobacco.

The imported tobacco pesticide testing and certification program, initiated in 1986, required that all flue-cured and burley tobacco offered for importation into the United States be free of prohibited pesticides. A total of 120 million kilograms of imported flue-cured and burley tobacco was tested for pesticides during FY 1994.

Fees and Charges in Effect:

<u>Service Performed</u>	<u>FY 1994 Fees</u>
Permissive Inspection	Regular time \$32.40 per hour
	Overtime \$38.70 per hour
	Sundays and Holidays \$48.45 per hour
Domestic Tobacco Grading	\$.70 per hundred pounds
Imported Tobacco Grading	\$.90 per hundred kilograms
Imported Tobacco Pesticide Testing and Certification:	

A. Self-Certification (If importer certifies that tobacco is within pesticide residue tolerance)	\$.77 per hundred kilograms
B. Non-Certification (If importer does not certify that the tobacco is within pesticide residue tolerance)	\$1.54 per hundred kilograms
Permissive Certification of Export Tobacco	\$.25 per hundred pounds

c. Poultry and Egg Grading:

Approximately 94 percent of poultry grading services are provided on a resident basis. In most of these instances, a full-time grader is stationed at the plant requesting service. The remaining 6 percent of poultry grading services are provided on a non-resident (lot grading) basis. During FY 1994, resident service was provided in 171 poultry plants and 159 shell egg plants. A total of 17 billion pounds of poultry and 1.4 billion dozen shell eggs were graded during the year. This represents 84 percent of the turkeys slaughtered, 52 percent of the broilers slaughtered, and 36 percent of the shell eggs produced in the U.S., excluding eggs used for breaking and hatching.

Fees and Charges in Effect:

<u>Service Performed</u>	<u>FY 1994 Hourly Fees</u>
Non-Resident Plant	
Regular Time	\$31.44
Saturday, Sunday, Holiday	\$32.88
Resident Plant	\$24.63-\$34.97*

* Depending on the volume of product handled in the plant.

d. Meat Grading and Certification:

During FY 1994, meat grading and certification services were provided to approximately 350 meat packing, processing, and other food establishments nationwide. A total of 18.3 billion pounds of red meat (beef, lamb, veal, and calf) was graded during the year. This figure represents 95.1 percent of the steers and heifers, 88.5 percent of the lamb, and 19.7 percent of the calves commercially slaughtered in the U.S. This is a 300 million pound increase in meat graded over FY 1993, and resulted primarily from increasing consumer acceptance of beef from the Select grade.

Fees and Charges in Effect:

<u>Service Performed</u>	<u>FY 1994 Hourly Fees</u>
Commitment Grading	\$36.60
Non-commitment Grading	\$39.00
Overtime Grading	\$44.60
Holiday Grading	\$73.20

e. Livestock Grading:

In FY 1994, AMS inspected and graded according to contract specifications, approximately 51.1 million pounds of livestock delivered to settle futures contracts for the Chicago Mercantile Exchange and the Mid-America Commodity Exchange.

Fees and Charges in Effect:

<u>Service Performed</u>	<u>FY 1994 Hourly Fees</u>
Base Grading	\$29.40
Overtime Grading	\$32.80
Holiday Grading	\$58.80

f. Processed Fruit and Vegetable Grading:

In FY 1994, AMS graded 8.82 billion pounds of processed fruits and vegetables at 308 processed products plants and field offices. In addition, AMS

combined two sections into one and eliminated one GM-14 supervisory position. We also completed a cooperative inter-departmental effort with the Department of Treasury's, U.S. Customs Service. The Customs service has agreed to increase monitoring of imported commodities to assure they meet marketing order requirements.

Fees and Charges in Effect:

<u>Service Performed</u>	<u>FY 1994 Hourly Fees</u>		
	<u>Base</u>	<u>Holiday</u>	<u>Overtime</u>
Lot Inspection	\$39.50	\$79.00	\$59.50
Yearly Contract (in-plant)	\$34.00	\$68.00	\$51.00
Requested Additional Graders (in-plant)	\$39.50	\$79.00	\$59.25
Seasonal Contract (in-plant)	\$39.50	\$79.00	\$59.50

g. Fresh Fruit and Vegetable Grading:

Grading services for fresh fruits and vegetables are available at shipping points and in receiving markets anywhere in the U.S. and in Puerto Rico. In FY 1994, approximately 85 billion pounds of fresh fruits, vegetables, and specialty crops were graded. Grading services were provided by approximately 5,500 Federally-supervised and licensed State employees at shipping points, and by 170 Federal graders and 500 part-time and full-time market licensees at receiving points.

Fees and Charges in Effect:

<u>Service Performed</u>	<u>FY 1994 Fees</u>	
Quality and Condition Inspections	\$62.00	Half-carlot or less
	\$74.00	More than half-carlot up to full-carlot
	\$12.00	Each additional lot
Condition Only Inspections	\$57.00	Half-carlot or less
	\$62.00	More than half-carlot up to full-carlot
	\$12.00	Each additional lot
Five or More Products From the Same Truck or Railcar:	\$264.00	First five products
	\$37.00	Each additional product
	\$12.00	Each additional lot
Small lot inspections (50 or less packages)	\$37.00	Each product
	\$12.00	Each additional lot
Quality and/or Condition Inspection From Ships at Dockside:	\$.01	Packages less than 15 lbs
	\$.02	Packages 15-29 lbs
	\$.03	Packages 30 lbs or more
	\$74.00	Minimum per product
	\$12.00	Each additional lot
Government and Other Inspections:	\$37.00	Per hour (1/2 hr. minimum)
	\$18.50	Per hour additional to other charges

h. Dairy Products Grading:

Dairy products grading, laboratory analysis, and plant inspections assure purity and quality of dairy products. An AMS grade is required on all products sold to the Commodity Credit Corporation under the dairy price support program. Upon request, AMS also grades dairy products sold in commercial channels. In FY 1994, AMS graded approximately 1.2 billion pounds of dairy products, and conducted 988 dairy plant inspections to assure sanitation of processing facilities.

Fees and Charges in Effect:

<u>Service Performed</u>	<u>FY 1994 Hourly Fees</u>
Continuous Resident Service	\$42.20
Product Grading	\$47.20
Night Differential Product Grading	\$52.00
Holiday, Saturday, Sunday	\$70.80

i. Standardization:

Domestic and international standards are developed for use in grading, acceptance, and certification services for the food and fiber industries. Before standards are implemented, studies are conducted and normal rulemaking procedures are followed, including consumer input, to verify that quality grade standards will facilitate commerce. The cost of developing and revising these standards no longer is paid by taxpayers, but is paid by the commodity groups that use them. In addition to their use by private industry in domestic and international contracting, USDA food and fiber standards have, to a great extent, become the basis for international harmonization of food grades recognized by Codex Alimentarius and the Economic Commission for Europe. Consequently, U.S. food grade standards are likely to play an integral part in NAFTA and GATT.

FY 1994, 153 standards were reviewed, including 57 for cotton products, 3 for tobacco, 8 for fresh and 50 for processed fruit and vegetable products, 8 for poultry, 24 for meat, and 3 for dairy products. As a result, one new dairy standard was established, 16 cotton linters standards were eliminated, one poultry standard was revised and one wholesale shell egg grade standard was eliminated. Beginning in FY 1994, AMS began collecting fees for standards activities with our grading fees. AMS reimburses the Treasury for Standards costs. Since we do not grade pork, wool, and mohair, we cannot collect fees for these standards. Therefore, we have halted all standards activities related to these industries.

MARKET PROTECTION AND PROMOTIONCurrent Activities:

AMS administers several laws under this activity, including the Agricultural Marketing Act of 1946; the Food, Agriculture, Conservation, and Trade Act of 1990; the Federal Seed Act; the Plant Variety Protection Act; research and promotion acts for beef, cotton, dairy products, eggs and egg products, fluid milk, honey, pork, soybeans, watermelon, pecans, mushrooms, potatoes, limes and fresh-cut flowers and greens; the Export Apple and Pear Act; and the Export Grape and Plum Act. These laws regulate various marketing activities and the administration of each includes one or more of the following: collection of pesticide residue data and recordkeeping; issuance, suspension or revocation of licenses or registration; collection and testing of seed samples; audits of books and records; investigation of complaints and violations; settlement of disputes; and legal protection to developers of new varieties of plants which reproduce sexually.

Selected Examples of Recent Progress:1. Pesticide Recordkeeping Program:

The Food, Agriculture, Conservation, and Trade Act (FACT) of 1990, Subtitle H, Sect. 1491, states that the Secretary of Agriculture, in consultation with the Administrator of the Environmental Protection Agency (EPA), shall require certified applicators of restricted use pesticides to maintain records comparable to records maintained by commercial applicators of pesticides in each State. The Secretary of Agriculture and the Administrator of EPA shall survey the records required by the statute to develop and maintain a data base that is sufficient to enable USDA and EPA to publish annual comprehensive reports concerning agricultural and nonagricultural pesticide use.

AMS published the final regulations, 7 CFR Part 110, "Recordkeeping Requirements for Certified Applicators of Federally Restricted Use Pesticides" on April 9, 1993. The regulations became effective on May 10, 1993. AMS proposed changes to the regulations on April 6, 1994 due to issues raised regarding the regulations. The changes proposed would 1) clarify certain definitions within the regulations; 2) clarify the availability of pesticide record information to facilitate medical treatment or first aid; 3) clarify the utilization and release of pesticide record information by licensed health care professionals; 4) modify the time period by which the information required by the regulations shall be officially recorded; and 5) address the need to identify location of

pesticide "spot applications." Comments closed on the proposed changes on June 6, 1994 and AMS is in the process of finalizing the regulations. AMS entered into nine cooperative agreements with designated State agencies to conduct inspections of private applicator records and convey information on the recordkeeping requirements. Nineteen states currently have State requirements for private applicator recordkeeping.

AMS is establishing Memorandums of Understanding (MOU) with each of the designated State/Territory agencies to establish the guidelines for communication and cooperation between the Federal and State agency. Twenty-four MOU's were completed in FY 1994.

AMS has focused on the delivery of educational programs and materials to provide information on the recordkeeping regulations and proposed changes. We have specifically targeted certified private applicators through a variety of delivery methods, including the Cooperative Extension Service, farm cooperatives and other agricultural organizations.

The National Agricultural Statistics Service (NASS) will collect data from agricultural producers, add the information to their data base on agricultural pesticide use, and provide an annual report to Congress on federally restricted use pesticides.

2. Pesticide Data Program:

The goal of the Pesticide Data Program (PDP) is to help ensure the safety of the U.S. food supply and improve risk assessment procedures by developing and communicating comprehensive statistically-based information on pesticide residues in food. The program is federally sponsored and relies on pesticide residue data obtained through State cooperative agreements. AMS provides the data to the Environmental Protection Agency (EPA) for use in special review and re-registration of pesticides and to other Federal and State agencies for use in setting policies intended to safeguard public health. In general, the levels of pesticides detected were substantially below established EPA tolerances.

In FY 1991, AMS developed a work plan and met with EPA and Food and Drug Administration (FDA) officials to ensure that the pesticide residue data obtained meets the needs of each agency. In June 1992, a Memorandum of Understanding (MOU) was signed among USDA, EPA, and FDA. The MOU established a steering committee to guide USDA activities toward developing the residue information most needed by EPA and FDA. Nine states--California, Colorado, Florida, Michigan, New York, North Carolina, Ohio, Texas, and Washington--are program participants with sampling and analysis operations for 12 different commodities. The participating states have adopted a uniform system for sample collection, analysis and data reporting based on standard operating procedures finalized in 1992 using EPA's Good Laboratory Practices Guidelines. The program makes special efforts to have samples collected as close as possible to the consumer level. The 1993 data is statistically defensible and can be used for national inferences. As of April 1994, the PDP program tested for 41 of the 47 pesticides on the EPA list. The pesticides include organochlorines, organonitrogen pesticides, organophosphates, 2,4-D, carbamates, benomyl, propargite, formetanate, and avermectin. In 1994, approximately 40,000 analyses on over 8,000 samples were scheduled.

In response to the National Academy of Sciences (NAS) report, "Pesticides in the Diets of Infants and Children" EPA requested inclusion of additional high consumption children's foods such as processed vegetables, grain and dairy products. PDP's construction and operating procedures address many of the recommendations of the NAS report. PDP presently includes nine commodities considered by EPA as high consumption products by children. On February 1, 1994 the Executive Steering Committee sanctioned the inclusion of 2 processed vegetable products, sweet corn and peas, beginning April 1994.

3. Federal Seed Program:

a. Federal Seed Act:

AMS has cooperative agreements with each State to regulate interstate commerce of agricultural and vegetable seeds with regard to labeling. Under these agreements, the States refer apparent violations of the Federal Seed Act to AMS for verification and appropriate action. In cooperation with State agencies, AMS conducted field tests on over 1,980 samples at six different locations to determine trueness-to-variety of seed in interstate commerce. In FY 1994, 527 new cases were received from 33 States. Seventy Federal Seed Act cases were settled administratively during FY 1994, with penalty assessments totaling \$28,400. The penalty assessments ranged from \$400 to \$7,800.

To promote uniformity in testing inspection, AMS conducted one regional Seed Analyst Workshop, one Seed Analyst School and five Inspector Training Workshops.

b. Agricultural Marketing Act:

AMS offers seed inspection and certification services to interested parties for a fee. Most of the users of this service are exporters of seed. During FY 1994, over 1,649 seed analysis certificates were issued.

4. Plant Variety Protection Act:

The Plant Variety Protection Act (PVPA) is a voluntary self supporting program providing legal protection to developers of new varieties of plants which reproduce sexually. Protection under the Act is currently given to varieties of approximately 100 species of plants. Each developer of a new variety is assessed a fee of \$2,600 to cover the cost of filing, searching, issuing, informing the public, and maintaining plant variety protection certificates. The fees collected fully offset the costs of operating this program. The current fees for protection were instituted January 19, 1993.

AMS received a total of 282 applications for protection of new varieties of seed-reproduced plants in FY 1994. A total of 643 applications, including some from previous years, were pending action at the end of FY 1994. Searches were conducted on 247 applications to determine whether the plant constituted a new variety and 210 certificates of protection were issued. A total of 2,856 certificates were in force at the end of FY 1994 and protection expired on 138 varieties during the year.

The PVPA has been amended to conform to the March 19, 1991, International Convention for the Protection of new Varieties of Plants (UPOV Convention). The amended PVPA requires amending the regulations to conform to the changes in the law. A fee increase of 10 to 20% will be included in the amended regulations to fully fund program activities. The previous fee increase was published in the Federal Register (57 FR 60073-60074) on December 18, 1992.

5. Research and Promotion Programs:

AMS provides administrative oversight to a number of industry-funded research and promotion programs. Industry research and promotion boards collect assessments from producers, and sometimes importers and handlers, to carry out programs aimed at strengthening the demand for and improving the quality of beef, cotton, dairy products, eggs and egg products, fluid milk, honey, limes, mushrooms, pork, potatoes, soybeans, watermelons, and fresh-cut flowers and greens. It is the responsibility of AMS to review and approve the budgets and projects proposed by the boards. The industry reimburses AMS for the costs of administrative oversight activities.

Established in 1966, the Cotton Research and Promotion Program is completing its 28th year of work directed toward strengthening cotton's competitive position and expanding domestic and foreign markets for U.S. produced cotton. An assessment on imported cotton and the cotton content of imported products was implemented in August 1992. Collections on imports for FY 1994 were \$14 million. The assessments collected on domestically produced cotton for FY 1994 were \$38 million.

The Beef Promotion and Research Act of 1985 authorized the establishment, financing, and operation of a national beef promotion and research program. The Beef Promotion and Research Order, which promotes increased consumption of beef in the United States as well as in foreign countries, became effective in July 1986. In 1994 about \$7 million of the \$80 million in assessments was collected from importers. Assessments are split between the National program and State program. The National Beef Promotion and Research program received \$44 million of the assessments while qualified State beef council programs received the remaining \$36 million.

The Pork Promotion, Research, and Consumer Information Act of 1985 authorized the establishment of a national industry-funded and operated pork promotion program. The Pork Promotion, Research, and Consumer Information Order, which strengthens the position of pork in the marketplace as well as in foreign markets, became effective in September 1986. Approximately \$2 million of the \$38.5 million assessments collected in 1994 were from importers.

The Soybean Promotion, Research, and Consumer Information Act authorizes a national industry-funded promotion and research program for soybeans and soybean

products. An Order implementing the legislation was issued by the Secretary on July 9, 1991. Collection of assessments began September 1, 1991. Total assessments generated under the Act are about \$50 million annually. The State boards retain half of the funds collected to fund State initiated programs, while the remaining half of the funds are provided to the United Soybean Board. After refunds are paid, the United Soybean Board has an annual net income of about \$20 million, with the states retaining a like amount. As required under the Act, the U.S. Department of Agriculture conducted a referendum among soybean producers on February 9, 1994 to determine if producers wanted the program to continue. A majority of the voting producers favored continuation of the program.

The Honey Research, Promotion and Consumer Information Act of 1984, as amended, authorizes a program to strengthen the demand for honey in the marketplace. The Order, issued by the Secretary of Agriculture on July 21, 1986, provided for the establishment of the National Honey Board. Producers and importers may apply for an exemption from paying assessments if they produce less than 6,000 pounds of honey per year and such honey is distributed directly to retail outlets. A producer or importer who consumes honey at home or donates it, rather than sells it, may also apply for an exemption. In FY 1994 the Board received approximately \$2.8 million in assessments. About \$1.7 million dollars was collected on domestic honey and \$1.1 million was collected on imported honey. A focal point of the Board's projects is to assure consumers that honey is a wholesome food.

The Egg Research and Consumer Information Act, as amended, authorizes the collection of non-refundable assessments to finance research, promotion, and education activities. During FY 1994, egg producers paid assessments at 5 cents per 30-dozen case of commercial eggs. Collections totaled approximately \$7.5 million. A December 1993 amendment to the Act authorized an increase in the assessment rate of up to 20 cents per case. However, the American Egg Board, which administers the program, recommended that a 5-cent increase be proposed initially. The proposed increase was the subject of a referendum held September 26 through October 14, 1994. A majority of voters representing over two-thirds of production voting approved the increase. Producers will be paying 10 cents a case beginning early in 1995.

Projects related to food safety in food service and high-risk health care institutions, as well as in retail establishments, continue to be given high priority by the by the American Egg Board. A research study funded by the Board was published in Arteriosclerosis and Thrombosis, a publication of the American Heart Association. The study, conducted by researchers at Columbia University, examined the effects of dietary cholesterol on blood cholesterol. The result of the study is that there was no significant difference in blood cholesterol levels in twenty healthy men who were fed four different low-fat diets for eight weeks, including between zero and two eggs per day. The Board authorized \$1 million for promotion of the study results. In addition, the Board continued its advertising program, nutrition and consumer education programs, and promotion of egg products and spent fowl for schools.

The Dairy and Tobacco Adjustment Act of 1983 authorized a national program for dairy product promotion, research, and nutrition education as part of a comprehensive strategy to reduce milk supplies and increase consumption of milk and dairy products. This program is funded by a mandatory 15-cent per hundredweight assessment on all milk produced and marketed commercially in the contiguous 48 states. The program is administered by a National Dairy Promotion and Research Board. The Board's revenue from producer assessments in FY 1994 was \$75.6 million of the approximately \$230 million collected. The remainder of the funds collected are utilized by qualified State and regional promotion, research, or nutrition education programs. In an effort to expand export sales of dairy products, the Board has signed a Memorandum of Agreement with USDA's Foreign Agricultural Service. This agreement established cooperator status for the Board and enables them to receive funds for marketing and promotion activities in global markets. The export program targets the Pacific Rim countries and Mexico as the first areas for marketing and promotion of value-added dairy products. USDA is required to submit to Congress an annual report describing activities conducted under the Dairy Promotion and Research Order, accounting of funds collected and spent, and an independent analysis of the effectiveness of the program. The most recent report was submitted on July 1, 1994.

The Fluid Milk Promotion Act of 1990 authorizes a national program of advertising to strengthen the position of the dairy industry in the marketplace and to maintain and expand markets and uses for fluid milk products produced in the United States. The initial referendum on the program, held in October 1993, was approved by 71.7 percent of the fluid milk processors representing 76.7

percent of the fluid milk products marketed by all processors. The Act requires a second referendum on continuing the program beyond 30 months, and states that if the referendum fails, the order is to be terminated December 31, 1996. The program is funded by a mandatory 20-cent per hundredweight assessment on all fluid milk processed and marketed commercially in consumer-type packages by fluid milk processors in the 48 contiguous States and the District of Columbia. However, processors marketing 500,000 pounds or less per month are exempt. A National Fluid Milk Processor Promotion Board composed of 20 members, 15 representing geographic regions and five at-large members appointed by the Secretary of Agriculture, administers the program. The five at-large members include at least three fluid milk processors and at least one member from the general public. The Board's revenue from processor assessments for fluid sales during February through July 1994 was \$53 million. The Act requires an annual evaluation of the effectiveness of the program in conjunction with the annual evaluation of the National Dairy Promotion and Research Board activities.

Since its establishment in 1972, the National Potato Promotion Board, as authorized by the Potato Research and Promotion Act of 1971, has successfully carried out a coordinated program of research, development, advertising, and promotion. In FY 1994, the Board collected \$7.9 million in assessment revenue, which includes approximately \$467,000 in assessments on imports. In cooperation with the Foreign Agricultural Service, the Board promotes potatoes in the Pacific Rim countries. The Board received \$1.02 million in FAS funds to operate its export marketing plan. The Board's current domestic promotion program aims to convince consumers to serve potatoes at home more often. The program will also continue to reinforce the themes of nutrition and convenience that have been successful in changing consumers' attitudes about potatoes over the past years.

The Watermelon Research and Promotion Act authorizes the establishment of an effective, continuous, and coordinated program of research, development, advertising, and promotion of watermelon. This Act is designed to strengthen the watermelon's competitive position in the marketplace, and to establish, maintain, and expand domestic and foreign markets for watermelons produced in the United States. The Watermelon Research and Promotion Plan was issued in June 1989, and full implementation of the Plan began in March 1990. Both producers and handlers are assessed under this program. For FY 1994, the Board is expected to report approximately \$850,000 in assessments and refunds of approximately \$200,000. The Board is aggressively pursuing its food service, retailer, and public relations programs.

The Pecan Promotion and Research Act of 1990 authorized the establishment of a coordinated national program for generic pecan promotion, research, industry and consumer information. This Act is designed to maintain and expand existing domestic and foreign markets and develop new markets for pecans. The Pecan Promotion and Research Plan became effective on May 1, 1992. The initial Pecan Marketing Board met in August 1992. The Board collected about \$630,000 in domestic assessments and \$270,000 in import assessments during its fiscal year ending September 30, 1993. In FY 1994 total assessments collected were \$1.1 million. Referendum balloting took place September 22nd through October 1, 1993. The tallied ballots indicated that pecan growers, grower-shellors, and importers did not favor continuation of the program. Consequently, on March 15, 1994 the pecan program was terminated.

The Lime Research, Promotion, and Consumer Information Act of 1990 authorizes the establishment of an effective, continuous and coordinated national program for limes. The purpose of the Act is to strengthen the position of the lime industry in domestic and foreign markets, and maintain, develop and expand markets for limes. The Act authorizes a maximum assessment rate of one cent per pound on limes produced domestically or imported into the United States. Producers and importers who produce or import less than 35,000 pounds of limes per year are exempt. The first handler is responsible for collecting the assessment from the producer and remitting it to the Board. Importers pay the assessment when limes enter the United States. The Lime Research, Promotion, and Consumer Information Order became effective on January 27, 1992. The first Lime Board met in October 1992 to consider a budget and an assessment rate.

At the meeting, the Board concluded that a technical amendment to the Act was necessary regarding the variety of limes to be covered by the program. As a result, full implementation of the program was delayed. Subsequently, the Act was amended in 1993 to cover seedless rather than seeded limes. The amended Act also increased the exemption level from less than 35,000 pounds annually to 200,000, altered the size and composition of the Board, and delayed the initial referendum date. The program is expected to become effective in early 1995.

The Mushroom Promotion, Research, and Consumer Information Act authorizes the establishment of an effective, continuous, and coordinated national program for

fresh mushrooms. The purpose of the program is to strengthen the position of the mushroom industry in the marketplace and to maintain, develop, and expand markets for fresh mushrooms. The Mushroom Promotion, Research, and Consumer Information Order became effective on January 8, 1993. Producers and importers of less than 500,000 pounds of fresh mushrooms annually are exempt from assessments. Assessment payments began on August 1, 1993, and totaled \$1.1 million during the first year.

The Fresh-Cut Flowers and Fresh-Cut Greens Promotion and Information Act of 1993 provides authority to establish an order to enable domestic handlers and importers of fresh cut flowers and fresh cut greens to develop, finance, and carry out a nationally coordinated generic program to promote the sale and increased consumption of these items in the United States and abroad. The Act authorizes the use of funds for plans and projects for generic promotion, consumer information, market and related research. Activities are designed to strengthen the cut flower and green industry's position in the marketplace and to maintain, develop, and expand markets for cut flowers and greens. The proposed Fresh Cut Flowers and Fresh Cut Greens Promotion and Information Order and two proposals for certain provisions of a proposed Order, were published in the June 28, 1994, issue of the Federal Register allowing 60 days for comment. A final Order should be issued in late 1994. Assessments would be levied on the volume of sales of wholesale handlers, producers who are also handlers, and importers whose annual sales are \$750,000 or more and who sell to retailers and exempt handlers. At the initial assessment rate of 0.5 percent of gross sales by a qualified handler, the program is expected to generate approximately \$10 million annually.

	FY 1994	
	Assessments Collected	Refunds to Producers
	(Millions of Dollars)	
Beef	\$44.0	0.0
Pork	38.5	0.0
Cotton	52.0	0.0
Cut Flowers	0.0	0.0
Limes	0.0	0.0
Egg	7.5	0.0
Honey	2.8	0.0
Potatoes	7.9	0.0
Dairy	75.6	0.0
Fluid Milk	53.0	0.0
Pecans	1.1	0.3
Watermelon	0.9	0.2
Mushrooms	1.1	0.0
Soybeans	24.9	0.0

6. National Organic Standards Program

In FY 1994, AMS provided support to the National Organic Standards Board at two meetings and through several conference calls. The Board is preparing a national list of synthetic materials approved for use in the organic production process. AMS attended four Departmental hearings on organic livestock and livestock products, which were required by the Organic Foods Production Act of 1990. The hearings were held between January 27 and March 22, 1994 at different locations across the country and more than 80 people testified. The Board approved 22 recommendations for the implementation of the program, which were forwarded to the Secretary. AMS is negotiating with the European Union (EU) to have the United States added to the list of countries provisionally approved for shipment of organic products to the EU, and with the Codex Alimentarius Commission to develop international guidelines for organic production and labelling. AMS is also developing proposed rules governing the accreditation of certifying agents, the petitioning process for

consideration of materials for the national list, and the implementation of national standards for organic production and processing.

TRANSPORTATION SERVICES

Current Activities:

The Transportation Services program promotes and assists in the development of an efficient agricultural transportation system to help improve farm income, expand exports, and meet the transportation needs of rural America. AMS provides assistance to State and local decision-makers and to farmers and shippers in regulatory, policy, and legislative matters. To accomplish this, AMS conducts technological research, as well as economic studies and analyses of domestic and international transportation systems. Also, AMS provides technical assistance and information on agricultural transportation, rural infrastructure and access, and food distribution matters to producers, producer groups, shippers, rural communities, carriers, government agencies, and universities.

Selected Examples of Recent Progress:

1. National Grain Car Conference

The Interstate Commerce Commission (ICC) instituted regulatory proceedings in FY 1994 to examine the causes of the inadequacy of covered hopper car supplies to grain shippers and identify possible solutions. AMS represented agricultural and rural shippers in these regulatory proceedings and participated in a National Grain Car Supply Conference held as part of these proceedings in April 1994. AMS issued a research report examining the characteristics of the national grain car fleet. The report was used extensively by the ICC during the proceedings and the conference.

2. Missouri River Master Plan

The U.S. Army Corps of Engineers solicited comments on its proposed management plan for the Missouri River system. The plan was designed to re-prioritize water use among the competing users, and to manage the system in a way that provides greater environmental benefit. During FY 1994, AMS represented agricultural interests at public hearings on the Missouri River management plan and completed a study examining the agricultural importance of the Missouri River as well as its importance in navigation, recreation, irrigation and power generation.

3. Border Efficiency Task Force

AMS participated in a White House Task Force on border efficiency. The task force developed a series of recommendations to improve the efficiency of cross-border freight and passenger movement between the United States, Canada and Mexico.

4. U.S.-Mexico Agricultural Transportation

AMS completed a study that examined the logistics of exporting U.S. grain to Mexico. The study detailed the patterns of the U.S.-Mexico grain trade, the transportation modes employed, and the major corridors for this trade. AMS is also conducting research to identify opportunities for transportation improvements that would facilitate the U.S. export of perishables to Mexico. This research is important because although the North American Free Trade Agreement has eliminated many economic barriers to trade, logistical barriers still exist and can constrain trade.

5. World Food Distribution Training Center of Excellence

AMS continued its sponsorship of the World Food Distribution Training Center of Excellence (WFDTC) in cooperation with four other USDA agencies. AMS is working with Texas Prairie View A&M and three collaborating universities to offer education and training in the agricultural sciences. AMS also provides a representative to the Board of Directors of the public-private partnership, which is dedicated to improving university education in the field of food distribution. The WFDTC should also allow increased minority recruitment into USDA. In FY 1994, the WFDTC has developed an outline of the course work and training necessary for certification in world food distribution within an existing agricultural program. The WFDTC began teaching curriculum courses on campus and by teleconference in FY 1994. AMS routinely monitors and evaluates all programs and activities to ensure that they are conducted in accordance with applicable laws and regulations.

6. Export Transportation Workshops

AMS organized high-value product workshops in California, Connecticut, and Ohio during FY 1994 to provide first-time exporters with an understanding of the international transportation system and how it affects product marketing, cost and quality. Topics included ocean and air freight rates and services, cargo insurance, product handling, port operations, and transport documentation. AMS also continued its livestock export workshop program in FY 1994 to educate new or potential livestock exporters and foreign buyers. Topics included marketing strategies and shipping logistics. The most recent program was held in Texas where the sessions focused on trade with Mexico.

7. International Issues

The AMS "OCEAN Rate Bulletin" was formally initiated to provide shippers with market information on carriers who offer services for apples, oranges, and grapes being exported to Hong Kong, the Philippines, Singapore, and Thailand; and apples being exported to China and Vietnam. This format is unique because it is the only source in the marketplace which provides shippers with current information comparing the most frequently utilized transportation services. The Bulletin is distributed every 3 weeks to more than 100 U.S. exporters and overseas importers allowing them to compare the current freight rates, carrier market shares, and transit times of ocean liners serving the trans-Pacific market.

AMS published a study called "International Grain Shipments: Recent Ocean Freight Rate Trends", and continued development of a computer database of ocean freight rates for bulk grain shipments used for this study. AMS issues and distributes quarterly rate summaries to exporters, ports, and Federal agencies.

AMS continued to represent U.S. interests before the United Nations Economic Commission for Europe Working Party on the Transport of Perishable Foodstuffs which focuses on the Agreement on the International Carriage of Perishable Foodstuffs (ATP). Although compliance with the ATP is voluntary in the United States, it is mandatory in Europe. The ATP requires that transport equipment used to move perishables between countries in Europe be inspected, tested, certified, and marked to ensure that the equipment is properly insulated and capable of maintaining temperatures prescribed for the carriage of frozen food, meat, poultry, dairy, and seafood products. The ATP program has been used primarily by U.S. trailer and mechanical refrigeration unit manufacturers who export equipment to Europe. In FY 1994, AMS certified 36 trailers for export.

AMS continued activities in Russia under the Emerging Democracies Program. A port study of St. Petersburg resulted in a number of recommendations to remove institutional and operational barriers to U.S. exports. Some of these recommendations are now being implemented by the Louisiana State University Ports and Waterways Institute in cooperation with the Russian Ministry of Transport and the Agency for International Development. AMS has awarded a grant to Volunteers in Overseas Cooperative Assistance (VOCA) to translate and publish one of three USDA transportation and marketing references for perishable products. AMS also sponsored two successful marketing workshops in FY 1994, one each in Moscow and Belgorod, using AMS and private sector experts.

AMS joined an Economic Research Service delegation that visited China to study corn production and trade under the auspices of the U.S.-China Technical and Scientific Exchange Program. The team visited with government officials in Beijing, and traveled across the key corn production regions in Hebei Province and Manchuria to assess trends in production, marketing, milling, livestock consumption, and trade. A detailed technical report will be released next year analyzing the potential impact of these trends on U.S. export markets.

WHOLESALE MARKET DEVELOPMENT

Current Activities:

AMS studies and promotes improvement of facilities that enable market access by the small to medium-sized grower. AMS also conducts applied research to inform states, localities, market managers, and growers of changes in the market that allow them to make strategic decisions for future product development. Recently, AMS has broadened the program to include auction and collection markets, retail farmers' markets, public markets, and expanding markets in and near metropolitan areas. This wider focus will provide more market access for the small grower, more nutritious foods for the urban poor, and will create jobs through the development of facilities.

Selected Examples of Recent Progress:

Mid-Hudson Valley, NY

AMS is conducting research on value-added processes to determine which processes would allow small to medium-sized growers to gain better access to mass markets in the contiguous New York City metropolitan area. We will analyze the results of this study to determine the need for construction of a new marketing facility in the Mid-Hudson area.

Maine

AMS is studying the capability of Maine growers to distribute their agricultural products within the U.S. and internationally, and is determining ways to increase this capability. Our research focuses on three areas - value added processing, transportation requirements, and facility design.

Urban Markets

AMS is evaluating different methods for serving the inner-city retail food needs of major cities, particularly for fresh agricultural products, while at the same time providing additional outlets for regional farmers. The inner city poor represent a growth market for consumption of fresh fruit and vegetables, but limited consumer access to markets blocks this trade. This project is currently centered on three sites: Toledo, Ohio; Columbus, Ohio; and Asheville, North Carolina. Both projects in Ohio were completed in FY 1994. The project in Asheville, North Carolina is still underway.

Madison, WI

AMS is conducting a study of the Capital Farmers' Market to determine its optimal operating capacity and the level of existing and potential customer demand. The Capital Farmers' Market currently serves slightly more than 300 farmers, with a waiting list of over 150 farmers. The information gathered in this study will be used to improve not only the Capital Farmers' Market but other markets throughout the nation interested in learning from the success of a mature market.

National Farmers' Market Survey

AMS has initiated a research project to determine the importance of direct marketing through farmers' markets to small and medium sized growers. The first phase of this project was completed in FY 1994 and involved the publication of the 1994 National Farmers' Market Directory. The Directory catalogues approximately 1,800 farmers' markets throughout the United States. As part of the second phase, AMS has distributed surveys to each market listed in the directory to gather empirical information about the usage of farmers' markets. AMS will then analyze this information by subgroup, for more intensive study. AMS will provide the project's results to state agencies to assist in their efforts to improve small and medium growers' access to markets.

Los Angeles, CA

AMS has begun a study assessing the marketing trends, distribution channels, and growth potential of the California horticultural industry. AMS will also study an existing marketing facility in densely-populated southern California to determine whether revitalization or replacement of the facility is necessary.

Other Applied Research

AMS is involved in other activities to improve or maintain the efficiency of the marketing and distribution of agricultural products while minimizing costs. These activities include: (1) development of technology and facilities to extend the shelf life of perishable products such as berries, peaches, grapes, etc.; (2) dissemination of information to small farmers and farm groups through publications and presentations on farm-built equipment and improved marketing techniques; (3) design and field testing of a prototype walk-in cooler; (4) provision of economic/engineering marketing assistance to farm groups and wholesalers; (5) work with industry groups and packaging firms to test packages that fit on standardized pallets; and (6) development and publication of guidelines for transporting and handling live fish.

AGRICULTURAL MARKETING SERVICE

The estimate include appropriation language for this item as follows (new language underscored: deleted matter enclosed in brackets):

Payments to States and Possessions:

For payments to departments of agriculture, bureaus and departments of markets, and similar agencies for marketing activities under section 204(b) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1623(b)), \$1,200,000.

PAYMENTS TO STATES AND POSSESSIONS

Appropriations Act, 1995	\$1,200,000
Budget Request, 1996	<u>1,200,000</u>
Change in Appropriation	<u> --</u>

PROJECT STATEMENT

(On basis of appropriation)

	: 1994	: 1995	: Increase or:	: 1996
	: Actual	: Estimated	: Decrease	: Estimated
Payments for marketing service	:	:	:	:
work under Section 204(b) of	:	:	:	:
the Agricultural Marketing	:	:	:	:
Act of 1946	\$1,300,000	\$1,200,000	--	\$1,200,000
Total, available or estimate	1,300,000	1,200,000	--	1,200,000

Agricultural Marketing Service
 Payments to States and Possessions
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1994 and Estimated 1995 and 1996

	<u>1994</u>
Arizona	\$45,000
Arkansas	50,000
California	25,000
Colorado	114,630
Connecticut	30,000
Florida	35,208
Hawaii	45,000
Maryland	61,797
Massachusetts	40,680
Michigan	50,000
Missouri	30,020
Nebraska	16,140
New Jersey	22,000
New Mexico	118,593
New York	28,942
Ohio	60,000
Oregon	60,000
Puerto Rico	35,000
South Carolina	40,000
Tennessee	45,000
Texas	224,000
Virginia	78,890
Wisconsin	<u>44,100</u>

Total, Available or
 Estimate a/ 1,300,000

a/ Distribution of obligations by State not available until have been selected. Funding in 1995 is \$1,200,000 and \$1,200,000.

AGRICULTURAL MARKETING SERVICE
STATUS OF PROGRAM
PAYMENTS TO STATES AND POSSESSIONS
FEDERAL-STATE MARKETING IMPROVEMENT PROGRAM

Current Activities:

Through grant agreements with State Departments of Agriculture and other State agencies, the Federal-State Marketing Improvement Program supports joint projects aimed at improving the efficiency of the agricultural marketing chain. The States contribute at least half of the project costs. Project work is performed by State personnel, employees of land grant or 1890 universities, or is contracted out to private industry.

Selected Examples of Recent Progress:

During FY 1994, 31 projects involving 22 States were approved. In addition to the \$1.3 million provided by Congress for these projects, the States and other resources contributed over \$1.5 million. Requests were received from 35 States for 84 projects totalling \$4.3 million. Examples of funded projects follow:

<u>Federal Funding</u>	<u>Participating States</u>	<u>Project</u>
\$114,630	COLORADO	<u>Database for Cow and Carcass Yield Grading</u> A project to identify accurate predictors of total carcass yield which will be used to redefine yield grading for slaughter cows and carcasses.
30,000	CONNECTICUT	<u>New England Regional Specialty Food Project</u> A project to establish a communication network among small and mid-size specialty food businesses in six states.
75,000	NEW MEXICO	<u>Market Enhancement for Small Scale Enterprises</u> A project to promote new and existing crops and products for local markets, and to assist the Taos Pueblo, and the Ganados del Valle with market studies for specialty products.
60,000	OHIO	<u>Niche Markets in Appalachian Region</u> A project to design and develop a network marketing system for specialty food firms in the Appalachian regions of Ohio, Kentucky, and West Virginia.
35,000	PUERTO RICO	<u>Agricultural Price Information Network</u> A project to develop a system for collecting and disseminating daily price and production information from seven major markets.
109,000	TEXAS	<u>Goat Meat Marketing Channels</u> A project to examine current markets for goat meat and identify opportunities for expansion of these markets.
47,190	VIRGINIA	<u>Market News and Economic Planning</u> A project to examine the effect of public involvement on the price discovery process and the effectiveness of the open-market pricing system as a coordinating mechanism.
25,000	WISCONSIN	<u>Wisconsin Aquaculture Marketing Initiative</u> A project to identify the size and scope of the Wisconsin aquaculture industry and design a marketing strategy.

PERISHABLE AGRICULTURAL COMMODITIES ACT FUND

Appropriations Act, 1995 (from receipts)	\$7,550,000
Budget Estimate, 1996 (from receipts)	<u>7,550,000</u>
Change in Appropriations	<u> -- </u>

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>1995 Estimated</u>	<u>Program Changes</u>	<u>Pay Cost</u>	<u>Other Changes</u>	<u>1996 Estimated</u>
Total Available ..	\$7,550,000	--	--	--	\$7,550,000

PROJECT STATEMENT
(On basis of appropriation)

Project	: 1994 Actual	: 1995 Estimated	: Increase	: 1996 Estimated
	: Staff-	: Staff-	: or	: Staff-
	: Amount	: Amount	: Decrease	: Amount
	: Years	: Years		: Years
Licensing dealers	:	:	:	:
and handling	:	:	:	:
complaints	\$7,455,068: 116	\$7,642,000: 115	+\$167,000:	\$7,809,000: 115
Unobligated	:	:	:	:
balance available:	:	:	:	:
start of period ..	-1,690,789: --	-1,756,735: --	+92,000:	-1,664,735: --
Unobligated	:	:	:	:
balance available:	:	:	:	:
end of period ...	1,756,735: --	1,664,735: --	-259,000:	1,405,735: --
Total available	:	:	(1):	:
or estimate	7,521,014: 116	7,550,000: 115	--:	7,550,000: 115

OBLIGATION LEVELS

(On basis of appropriation)

Item	: 1994 Actual	: 1995 Estimated	: 1996 Estimated
Appropriation (from receipts)	\$7,521,014	\$7,550,000	\$7,550,000
Unobligated balance available, start of period	1,690,789	1,756,735	1,664,735
Total available	9,211,803	9,306,735	9,214,735
Total obligations	-7,455,068	-7,642,000	-7,809,000
Unobligated balance available, end of period	1,756,735	1,664,735	1,405,735

Perishable Agricultural Commodities Act

(1) No net change in appropriations (\$7,550,000 available in 1995) consisting of:

- (a) an increase of \$55,000 which reflects a 3.0% increase in non-salary costs.
- (b) a decrease of \$55,000 for administrative efficiency.

To implement the President's Executive Order to reduce overhead-type outlays from the FY 1993 baseline, budget authority is reduced.

In order to achieve these administrative savings, AMS will reduce the costs of recruitment, travel, supplies, printing and reproduction, utilities, automation, program cost accounting, training, rent, and cooperative agreements in FY 1996.

Agricultural Marketing Service
Perishable Agricultural Commodities Act
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1994 and Estimated 1995 and 1996

	<u>1994</u>		<u>1995</u>		<u>1996</u>	
	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>
Arizona	\$795,105	15	\$815,000	15	\$833,000	15
District of Columbia..	3,946,027	50	4,045,000	50	4,133,000	50
Illinois	477,520	9	489,000	9	500,000	9
New Jersey	785,831	15	806,000	14	823,000	14
Texas	707,203	13	725,000	13	741,000	13
Virginia	743,382	14	762,000	14	779,000	14
Total, Available or Estimate	<u>7,455,068</u>	<u>116</u>	<u>7,642,000</u>	<u>115</u>	<u>7,809,000</u>	<u>115</u>

AGRICULTURAL MARKETING SERVICE

STATUS OF PROGRAM

PERISHABLE AGRICULTURAL COMMODITIES ACT

Current Activities:

The Perishable Agricultural Commodities Act (PACA) and the Produce Agency Act are designed to: (1) protect producers, shippers, distributors, and retailers from loss due to unfair and fraudulent practices in the marketing of perishable agricultural commodities; and (2) prevent the unwarranted destruction or dumping of farm products handled for and on behalf of others.

AMS' PACA program enforces these Acts and is funded by commission merchants, dealers, and brokers handling fresh and frozen fruits and vegetables in interstate and foreign commerce are required to have a PACA license. Violations of the Act are investigated and result in: (1) informal agreements between the two parties; (2) formal decisions involving payments to injured parties; or (3) suspension or revocation of licenses and/or publication of the facts.

Selected Examples of Recent Progress:1. Perishable Agricultural Commodities Act:A. Operations Improvements:

AMS completed a business process re-engineering project which identified PACA non-value added business processes. We then developed a long and short term plan to eliminate the non-value added processes and enhance automation. The short-term recommendations have been implemented.

B. Informal Reparation Complaints:

During FY 1994 approximately 36,200 inquiries seeking advice concerning disputes were received from the produce industry. AMS assistance enabled many traders to avoid marketing problems which could have resulted in the filing of complaints under this law.

There were over 3,700 new reparation cases filed in FY 1994. These cases resulted in informal settlements of approximately \$25.9 million to PACA licensees and unlicensed growers. This is a slight increase over FY 1993 totals.

C. Trust legislation:

The program received approximately 144,600 trust notices in FY 1994, a nine percent increase over FY 1993.

Trust notices are filed by unpaid sellers under the statutory trust provisions of the Perishable Agricultural Commodities Act. In the event a buyer files for bankruptcy or becomes insolvent, this provision places sellers of fruits and vegetables in a secured position and also improves the timeliness of payments. Nearly \$860 million was returned to trust claimants during FY 1994.

D. Formal Reparation Complaints:

In FY 1994, there were 1,180 decisions and orders issued by USDA's Judicial Officer, awarding reparations amounting to over \$17 million.

AGRICULTURAL MARKETING SERVICE

The estimates include proposed changes in the language of this item as follows (new Language underscored; deleted matter enclosed in brackets):

Limitation on Administrative Expenses

Not to exceed [\$57,054,000] \$58,461,000 (from fees collected) shall be obligated during the current fiscal year for administrative expenses: Provided, That if crop size is understated and/or other uncontrollable events occur, the Agency may exceed this limitation by up to 10 per centum with notification to the Appropriations Committees.

Limitation on Administrative Expenses

Appropriations Act, 1995	\$57,054,000
Budget Estimate, 1996	<u>58,461,000</u>
Increase in Limitation	<u>+1,407,000</u>

The net increase of \$1,407,000 in the limitation on administrative expenses is a result of an increase in operating costs in the amount of \$2,083,000, and a reduction for administrative efficiency in the amount of \$676,000 in FY 1996. The increased limitation will allow for uninterrupted grading services in FY 1996.

FUNDS FOR STRENGTHENING MARKETS, INCOME, AND SUPPLY (SECTION 32)

The estimates include appropriations language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Funds For Strengthening Markets, Income and Supply (Section 32):
(Including Transfers of Funds)

Funds available under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c) shall be used only for commodity program expenses as authorized therein, and other related operating expenses except for: (1) transfers to the Department of Commerce as authorized by the Fish and Wildlife Act of August 8, 1956; (2) transfers otherwise provided in this Act; and (3) not more than [\$10,309,000] \$10,451,000 for formulation and administration of Marketing Agreements and Orders pursuant to the Agricultural Marketing Agreement Act of 1937, as amended, and the Agricultural Act of 1961.

[In fiscal year 1996, section 32 funds shall be used to promote sunflower and cottonseed oil exports to the full extent authorized by section 1541 of Public Law 101-624 (7 U.S.C. 1464 note), and such funds shall be used to facilitate additional sales of such oils in world markets.]

In fiscal year 1996, no more than \$23,900,000 in section 32 funds may be used to promote sunflower and cottonseed oil exports as authorized by section 1541 of Public Law 101-624 (7 U.S.C. 1464 note), and such funds shall be used to facilitate additional sales of such oils in world markets.

This change proposes deletion of the language included in the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1995. The proposed funding is consistent with GATT Uruguay round export subsidy reduction commitments.

FUNDS FOR STRENGTHENING MARKETS, INCOME, AND SUPPLY (SECTION 32) -- CURRENT LAW

Permanent Appropriation, 1995	\$5,795,222,663
Less transfers to:	
Department of Commerce to promote and develop fishery products and research pertaining to American fisheries	-64,765,383
Food and Nutrition Service, Child Nutrition Programs	-5,249,077,000
Total transfers	-5,313,842,383
Adjusted Base for 1995	481,380,280
Agency Estimate, 1996:	
Annual permanent appropriation	\$6,106,319,703
Less transfers to:	
Department of Commerce	-64,800,000
Food and Nutrition Service	-5,520,457,000
Total transfers	-5,585,257,000
Agency Estimate, 1996	521,062,703
Increase from adjusted 1995	<u>+39,682,423</u>

SUMMARY OF INCREASES AND DECREASES - CURRENT LAW
(On basis of adjusted appropriation)

<u>Item of Change</u>	<u>1995 Estimated</u>	<u>Program Changes</u>	<u>Pay Cost</u>	<u>Other Changes</u>	<u>1996 Estimated</u>
Commodity Purchases	\$465,400,000	-\$65,400,000	--	--	\$400,000,000
Sunflowerseed Oil and Cottonseed Oil Purchases	25,650,000	-1,750,000	--	--	23,900,000
Commodity Purchase Svcs. ..	6,098,000	--	+\$58,000	-\$50,000	6,106,000
Disaster Relief	480,000	-480,000	--	--	--
Marketing Agreements and Orders	<u>10,309,000</u>	<u>--</u>	<u>+142,000</u>	<u>--</u>	<u>10,451,000</u>
Total Available	<u>507,937,000</u>	<u>-67,630,000</u>	<u>+200,000</u>	<u>-50,000</u>	<u>440,457,000</u>

PROJECT STATEMENT - CURRENT LAW
(On basis of adjusted appropriation)

<u>Project</u>	<u>1994 Actual</u>		<u>1995 Estimated</u>		<u>Increase or Decrease</u>	<u>1996 Estimated</u>	
	<u>: Amount</u>	<u>: Staff:</u>	<u>: Amount</u>	<u>: Staff:</u>		<u>: Amount</u>	<u>: Staff:</u>
1. <u>Commodity Purchases</u> :	:	:	:	:	:	:	:
a. <u>Child Nutrition</u> :	:	:	:	:	:	:	:
Program Purchases:	\$399,713,755	--	\$400,000,000	--	--	\$400,000,000	--
b. <u>Emergency Surplus</u> :	:	:	:	:	:	:	:
Removal	78,451,603	--	65,400,000	--	-\$65,400,000(1)	--	--
Subtotal	478,165,358	--	465,400,000	--	-65,400,000	400,000,000	--
2. <u>Disaster Relief</u>	3,463,455	--	480,000	--	-480,000(2)	--	--
3. <u>Sunflowerseed Oil & Cottonseed Oil Purchases</u>	50,000,000	--	25,650,000	--	-1,750,000(3)	23,900,000	--
4. <u>Administrative Funds</u> :	:	:	:	:	:	:	:
a. <u>Commodity Purchase Services</u> ..:	4,422,834	43	6,098,000	50	+8,000	6,106,000	49
b. <u>Marketing Agreements & Orders</u> ..:	8,118,294	120	10,309,000	122	+142,000	10,451,000	122
Subtotal	12,541,128	163	16,407,000	172	+150,000(4)	16,557,000	171
Total obligations	544,169,941	163	507,937,000	172	-67,480,000	440,457,000	171
Recovery of Prior Year obligations	-20,804,713	--	--	--	--	--	--
Unobligated balance available, start of year	-246,300,847	--	-245,951,017	--	+26,556,720	-219,394,297	--
Unobligated balance available end of year ..:	245,951,017	--	219,394,297	--	+80,605,703	300,000,000	--
Total, Available or Estimate	523,015,398	163	481,380,280	172	+39,682,423	521,062,703	171

OBLIGATION LEVELS
(On basis of adjusted appropriation)

Item	1994 Actual	1995 Estimated	1996 Estimated
Appropriation or estimate ..	\$5,355,068,525	\$5,795,222,663	\$6,106,319,703
Unobligated balance			
available, start of year .	246,300,847	245,951,017	219,394,297
Recovery of Prior Year			
obligations	20,804,713	--	--
Total available	5,622,174,085	6,041,173,680	6,325,714,000
Less transfers to:			
Food and Nutrition			
Service, Child			
Nutrition Programs ..	-4,770,109,000	-5,249,077,000	-5,520,457,000
Department of Commerce .	-61,944,127	-64,765,383	-64,800,000
Total transfers	-4,832,053,127	-5,313,842,383	-5,585,257,000
Total available after			
transfers	790,120,958	727,331,297	740,457,000
Less total obligations	-544,169,941	-507,937,000	-440,457,000 a/
Unobligated balance			
available, end of year....	245,951,017	219,394,297	300,000,000

a/ Under proposed legislation, total obligations in 1996 will be decreased to \$430,525,000.

Section 32

- (1) A decrease of \$65,400,000 for emergency surplus removal purchases. The budget customarily does not anticipate this need in the budget year.
- (2) A decrease of \$480,000 for disaster relief. The budget customarily does not anticipate this need in the budget year.
- (3) A decrease of \$1,750,000 for sunflower seed oil and cottonseed oil purchases. The proposed funding is consistent with GATT Uruguay round export subsidy reduction commitments.
- (4) A net increase of \$150,000 in administrative expenses (\$16,407,000 available in 1995) consisted of:

- (a) an increase of \$200,000 for pay increases.

This increase includes \$58,000 for the commodity purchase program and \$142,000 for the marketing agreements and orders program.

- (b) an increase of \$205,000 which reflects a 3.0% increase for inflation in non-salary costs.

This increase includes \$98,000 for the commodity purchase program and \$107,000 for the marketing agreements and orders program.

- (c) a decrease of \$50,000 in Federal employment costs which reflects a reduction of 1 staff year in the commodity purchase program.

In support of the Secretary's streamlining efforts and the President's Executive Order mandating a reduction in Federal employment, AMS is reducing employment from the 1993 base.

- (d) a decrease of \$205,000 for administrative efficiency.

This decrease includes \$98,000 for the commodity purchase program and \$107,000 for the marketing agreements and orders program.

To implement the President's Executive Order to reduce overhead-type outlays from the FY 1993 baseline, budget authority is reduced.

In order to achieve these administrative savings, AMS will reduce the costs of recruitment, travel, supplies, printing and reproduction, utilities, automation, program costs accounting, training, rent, and cooperative agreements in FY 1996.

Funds for Strengthening Markets, Income, and Supply
(Section 32)

Summary of Proposed Legislation

SUMMARY OF INCREASES AND DECREASES - PROPOSED LEGISLATION

<u>Item of Change</u>	1996		
	Current Law	Program Changes	Budget Request
Commodity Purchases	\$400,000,000	--	\$400,000,000
Sunflower Oil and Cottonseed			
Oil Purchases	23,900,000	--	23,900,000
Commodity Purchase Services ...	6,106,000	--	6,106,000
Marketing Agreements and Orders	10,451,000	-\$10,451,000	--
Conversion Costs	--	+519,000	519,000
 Total Available	<u>440,457,000</u>	<u>-9,932,000</u>	<u>430,525,000</u>

Marketing agreements and orders are regulations issued by the Secretary that help stabilize market prices and supply for milk, fruit, vegetables, and certain specialty crops. The orders are administered locally by marketing order committees and market administrators who are funded from assessments on regulated producers and handlers. Federal oversight and administrative support is presently funded from the Section 32 appropriation.

Since Federal operations directly support local activities, AMS proposes to recover Federal costs for oversight of marketing agreements and orders through increased assessments to those producers and handlers who benefit. The local market administrator or committee will be billed for their portion of Federal costs, and payments will be credited to the account incurring the cost.

This proposal is estimated to generate savings of \$10,451,000 in 1996. The projected savings will be offset by one-time conversion costs of \$519,000 to fund the leave liability accumulated under the appropriated program. Without appropriated funding, these costs would become an immediate liability to the users. The net savings is \$9,932,000.

Agricultural Marketing Service
 Section 32 Administrative Funds
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1994 AND ESTIMATED 1995 AND 1996

	<u>1994</u>		<u>1995</u>		<u>1996</u>	
	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>
California	\$678,700	7	\$747,000	9	\$757,000	9
District of Columbia	11,114,472	149	14,837,000	156	14,965,000	155
Florida	230,658	2	254,000	2	258,000	2
Illinois	110,864	1	122,000	1	124,000	1
Oregon	327,194	3	360,000	3	365,000	3
Texas	79,240	1	87,000	1	88,000	1
Total, Available or Estimate	<u>12,541,128</u>	<u>163</u>	<u>16,407,000</u>	<u>172</u>	<u>16,557,000</u>	<u>171</u>

AGRICULTURAL MARKETING SERVICE

STATUS OF PROGRAM

SECTION 32

Current Activities:

AMS directs the purchase of particular commodities in order to help stabilize market conditions. The commodities acquired are furnished to the Food and Consumer Service (FCS) to meet the needs of the National School Lunch Program and other domestic feeding programs. Purchases are coordinated with FCS to assure that the quantity, quality, and variety of commodities purchased are desired by schools and institutions participating in food assistance programs and can be used to assist individuals in meeting the Dietary Guidelines for Americans. The Farm Service Agency (FSA) administers the payments to vendors to whom contracts have been awarded, ensures the proper storage of commodities purchased when needed, and assists in their distribution.

The administrative costs for food buying operations and coordination with FCS and FSA are paid from the Commodity Purchase Services activity in the Section 32 program. Section 32 funds are also used for the administration of marketing agreements and orders which are used to establish orderly marketing conditions for certain commodities.

AMS also maintains a government-wide food specification program to reduce government food purchase costs by standardizing contract specifications.

Selected Examples of Recent Progress:1. Commodity Purchases:

In fiscal year (FY) 1994, AMS purchased over \$478 million worth of commodities with Section 32 funds. Over 646 million pounds of commodities were distributed through the nutrition programs of FCS. More than 556 million pounds of these commodities were used to fulfill the National School Lunch Program's commodity subsidy of 14 cents per meal for the school year ending June 30, 1994. The remaining 90 million pounds of commodities were used for emergency surplus removal and donated to schools and other institutions. AMS also purchased over \$201 million (representing almost 395 million pounds) of commodities using funds appropriated to FCS.

To meet the increased emphasis on lowering fat in products provided for the National School Lunch Program, AMS purchased ground turkey, frozen diced chicken, chicken leg quarters, drumsticks, bulk chicken parts and chicken patties, as well as ground beef and pork that averages less than 18% fat. AMS is also purchasing lean beef patties with only 10 percent fat. To help reduce storage and transportation costs and to streamline program management, egg mix and canned boned poultry are now bought quarterly for delivery by the producer to stated destinations during a 3-month period. This change was well received by producers because it allows AMS to list estimated quantities for each delivery period on the Invitation for Bids. AMS continued the requirement that shipments of certain frozen and canned products be delivered on pallets for school year 1993-1994. This program has greatly improved the efficiency of delivering such products and helped recipient agencies.

During FY 1994, \$5.0 million were used to purchase canned tuna. The frozen pork rib-shaped patties and frozen ground beef packed in 1-pound chubs, which were tested in FY 1993, were again offered in FY 1994. The frozen ground beef packed in 1-pound chubs is a special program to provide frozen foods to Indian reservations. Other commodities purchased in FY 1994 include large broiler chickens for processing; pork hams; frozen blueberries, cherries, and orange juice; fresh grapefruit, oranges, potatoes, tomatoes, and canned salsa.

A new product formulation, all purpose egg mix, was developed by the egg industry in an attempt to increase the quantity of eggs removed from the market. This egg mix contains 71.8 percent whole egg compared with 51 percent for the original dried egg mix.

AMS purchased turkey sausage (casings, links, and patties) to test their acceptability in the school lunch program and to determine if the industry has the ability to supply this product for a nationwide distribution program. AMS purchased turkey sausage in casings under entitlement and offered turkey sausage links, breaded chicken nuggets, and patties under the State Option Contract (SOC) program. Under the SOC program, USDA buys a processed food and the States reimburse USDA for that portion of the price that represents

processing costs. In this manner, USDA is able to provide desirable processed food items at about the same commodity cost as more basic food items, and still allow removal of the same quantity from the marketplace within a given budget.

AMS conducted a test purchase of smoked turkey hams for use in schools for school year 1994-1995. Turkey hams are fully cooked with a light smoke flavor and are ready to eat. They are produced from turkey thigh meat and are 95 percent fat free. AMS increased the frequency and variety of fresh fruits and vegetables purchased for school lunches. Procurement of these commodities nearly tripled and included convenience items such as fresh carrot sticks, frozen potato wedges, pre-cut carrots, and fresh sweet corn that was already trimmed and husked. Fresh baking potatoes were especially popular for use in baked potato bars.

AMS also purchased beef roasts and patties produced from fed beef. The Secretary authorized \$50 million for this program to help remove surpluses from the market and bolster producer prices. The roasts were provided to schools and the patties were distributed to charitable institutions.

During FY 1994, almost \$3.5 million were used to provide disaster relief for victims of the Northridge earthquake in Southern California. Assistance was given under Section 413(b) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U. S. C. 5180(b)).

2. Food Quality Assurance Program:

During FY 1994, four Commercial Item Descriptions (CID's) were developed, coordinated, and approved; and 17 CID's were revised. In addition, 31 approved food product description documents were reviewed to determine the impact of changes made in the specifications on certification activities. Thirty-seven Department of Defense food documents were coordinated, 14 food product descriptions were canceled, and one Federal specification was amended.

3. Marketing Agreements and Orders:

a. Dairy:

Milk marketing orders establish orderly marketing conditions for the sale of milk by dairy farmers to handlers. This program sets minimum prices which handlers must pay for milk at levels that reflect supply and demand conditions in the markets and assure consumers of an adequate supply of pure and wholesome milk. Nearly 106 billion pounds of milk valued at \$14.1 billion (minimum price basis adjusted for butterfat content) were delivered to plants in 38 market areas in FY 1994. This production represented an estimated 75 percent of all Grade A milk marketed by U.S. dairy farmers.

In FY 1994, AMS collected and transferred to FSA approximately \$242 million in dairy producer assessments pursuant to the Agricultural Act of 1949. A mandatory assessment at a minimum of 11.25 cents per hundredweight of milk produced in the 48 continental states reduced the price received by producers for milk marketed commercially. AMS is also responsible for verifying by audit the proper payment of the assessments mandated by law and for verifying individual producer refund information.

During FY 1994, major milk order actions included the issuance of amendments to five orders to implement component pricing payment plans. Also, an order amending 27 milk orders was issued to implement a special class and price for milk used to produce nonfat dry milk. In response to a court order, AMS issued an amplified decision to explain how the Federal order pricing structure establishes prices that reflect the supply of and demand for milk and dairy products. Recommendations have been prepared on a replacement for the Minnesota-Wisconsin price series as a basis for pricing under all Federal orders, and a change in Class II pricing under all orders.

b. Fruits and Vegetables:

Order Terminations

California/Arizona Lemons and Navel and Valencia Oranges

On August 26, 1994, the Secretary terminated the three Federal marketing orders that directly affect California-Arizona (CA-AZ) citrus; those for navel oranges, Valencia oranges, and lemons. The orders authorized the use of weekly volume regulations, also known as prorate.

For a number of years, some industry members had opposed volume regulations under the orders and repeatedly challenged prorate in administrative and legal petitions. Secretary Espy announced on June 18, 1993, that USDA would ask for proposals to amend the marketing orders for CA-AZ navel and Valencia oranges and suspend the volume regulation features of the orders "until a satisfactory resolution of the industry differences is achieved." The pre-notice press release requesting proposals was issued August 31, 1993 with a request for proposals by November 1, 1993. The due date was extended to January 1, 1994, at the request of administrative committees for both orders. Subsequently, the committees requested that there be a recess from amendatory proceedings.

On May 16, 1994, Deputy Secretary of Agriculture Richard Rominger announced USDA's intention to terminate the Federal marketing orders for CA-AZ lemons, navel oranges, and Valencia oranges in 60 days. The Department of Justice announced that it would halt all legal action against alleged violators of the citrus marketing orders.

Order Amendments or Promulgations

Tart Cherries

The Cherry Marketing Institute (CMI) submitted a proposed marketing order for tart cherries grown in the States of Michigan, New York, Pennsylvania, Oregon, Utah, Washington and Wisconsin, and a request for a hearing, on August 16, 1993. Public hearings to consider a proposed marketing agreement and order were held in: Grand Rapids, Michigan; Rochester, New York; Provo, Utah; and Portland, Oregon during FY 1994. The proposed program would authorize volume regulation, grade, size, maturity, pack and container regulations including mandatory inspection. The proposed order would also authorize production, processing and marketing research and promotion projects. On October 17, 1994, the Department announced that it would reopen the public hearing. Hearing sessions were scheduled in Portland, Oregon January 12-13, 1995, and in Grand Rapids, Michigan January 18-19. The Department is seeking additional information on several issues. Among them are which States to be included in the order; the economic impact of the order on small and large businesses; whether expected program benefits exceed costs, especially to growers, handlers and consumers; and, precisely how proposed provisions would be implemented.

Idaho-Oregon Potatoes

A public hearing was held September 8, 1993, in Idaho Falls, Idaho, to consider amending Marketing Agreement and Order No. 945 for potatoes grown in designated counties in Idaho and Malheur County, Oregon. The purpose of the hearing was to receive evidence on proposals to amend provisions of the order concerning: 1) authorizing regulation of intrastate potato shipments; 2) providing for representation of seed producers on the Idaho-Eastern Oregon Potato Committee (committee); 3) providing committee authority to recommend changes in committee size and committee composition; 4) changing committee quorum requirements; 5) providing committee authority to recommend changes in the rate of assessment, impose a late payment or interest rate charge, or both, on late assessment payments, accept advanced assessment payments, and borrow monies for program administration; 6) providing committee authority to recommend container labeling; 7) providing confidentiality requirements for reports submitted to the committee; and 8) providing for a verification of reports requirement. On November 30, 1994, the Department issued a Recommended Decision supporting the proposed amendments. The public was permitted to file exceptions to the Recommended Decision through December 30, 1994.

Walla Walla Onions

Industry representatives submitted a tentative marketing order for Walla Walla onions on April 2, 1993. The pre-notice press release was issued on August 9, 1993, with comments due September 9, 1993. The hearing was held on November 15, 1993, in Walla Walla, Washington. On November 10, 1994, the Department issued a Recommended Decision proposing the order. The public was permitted to file exceptions to the Recommended Decision through December 12, 1994.

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

Explanatory Statement

The Department of Agriculture Reorganization Act of 1994 authorized the Secretary to establish a new Assistant Secretary for Marketing and Regulatory Programs. Secretary's Memorandum No. 1010-1, issued October 20, 1994, established that office and created a consolidated agency, Grain Inspection, Packers and Stockyards Administration, to administer the activities and functions of the Federal Grain Inspection Service and Packers and Stockyards Administration. This consolidation achieves part of the Department's overall streamlining efforts and will result in the most efficient and cost-effective delivery of these programs and services.

GRAIN INSPECTION PROGRAM

The Federal Grain Inspection Service (FGIS) was established on November 20, 1976, pursuant to the U.S. Grain Standards Act (USGSA), as amended (Public Law 94-582). In 1977, it was amended to provide appropriated funding for field supervision. The Omnibus Budget Reconciliation Act of 1981 amended the USGSA to require user fee funding to support supervision and administration of the inspection and weighing programs previously covered by appropriations. Authority to collect user fees for supervision and administration activities and authority to invest retained earnings in interest-bearing accounts has been extended through September 2000.

The 1981 amendments also established an Advisory Committee to provide advice to the Administrator on the implementation of the USGSA. Programs supporting the Grain Quality Improvement Act (GQIA) of 1986 continue. The Grain Quality Title of the Food, Agriculture, Conservation and Trade Act of 1990 supports continued expansion in this area.

The U.S. Grain Standards Act Amendments of 1993, signed into law on November 24, 1993, extends operations and authorizes appropriations for grain inspection programs, provides increased flexibility, and enables the Agency to perform fee-based testing of commercial inspection and weighing equipment.

Inspection and weighing programs are also carried out under the authority of the Agricultural Marketing Act of 1946 (AMA), as amended. Programs under the AMA include the inspection and grading of rice, dry beans, lentils, dry peas, processed grain products, hops, and related commodities.

The mission of the grain inspection program is to facilitate the marketing of grain, oilseeds, pulses, rice, and related commodities by: (a) establishing descriptive standards and terms, (b) accurately and consistently certifying quality, (c) providing for uniform official inspection and weighing, (d) carrying out assigned regulatory and service responsibilities, and (e) providing the framework for commodity quality improvement incentives to both domestic and foreign buyers. Through these permissive and mandatory programs, GIPSA assists in advancing the orderly and efficient marketing and effective distribution of U.S. grain and other assigned commodities from the Nation's farms to domestic and foreign buyers. GIPSA, acting as an impartial third party, assures that the standards are applied and the weights are recorded in a fair and accurate manner, thereby facilitating domestic and foreign grain grading. Activities of the Agency are as follows:

1. Standardization and Quality Control Activities: Functions include developing, establishing, and maintaining uniform official grain and commodity standards. Developing and maintaining agency-wide quality control, quality assurance, and related testing and training are included in this program area.

Grain standardization activities aid in the orderly marketing of grains, oilseeds, rice, and related commodities through the development, promulgation, and application of new and revised standards. Activities include the establishment, review, and revision of the standards to reflect the latest inspection techniques and marketing needs; development

and evaluation of new instruments and methods to increase accuracy; and operation of a nationwide quality control program to assure the integrity of the inspection certificate.

Standardization Activities
Projected Level of Activity

	<u>1994</u>	<u>1995</u>	<u>1996</u>
U.S. Standards in effect at end of year ...	19	19	19
New and revised standards issued			
during fiscal year	2	1	7
Standards reviews in progress	9	9	4
Standards reviews completed	2	9	4
Inspection techniques developed	2	2	2
Codex standards developed	13	13	13

2. Compliance Activities: Activities ensure that the Agency operates in conformance with all requirements and procedures established by statute, regulation, instruction, or directive. The program ensures, through reviews, evaluations, and enforcement, if necessary, that the USGSA, and applicable provisions of the AMA, and regulations, procedures, and policies issued thereunder are implemented accurately and effectively. The international monitoring program, which responds to complaints regarding quality and/or quantity of grain shipments abroad, is also included in this program area.

Field activities are reviewed to ensure that all procedures are implemented in a manner consistent with agency policy. Compliance activities include administering the program for delegating and designating State and private agencies to perform official functions and monitoring their performance; evaluating alleged violations of the USGSA and AMA, initiating preliminary investigations and referring criminal violations to the Office of the Inspector General, and initiating enforcement/administrative action for violations; licensing official agency personnel; registering firms engaged in foreign commerce grain business; and maintaining an international monitoring program which interacts with foreign governments and trade teams to exchange information and respond to complaints concerning quality and quantity of grain shipments.

Compliance Activities
Projected Level of Activity

	<u>1994</u>	<u>1995</u>	<u>1996</u>
Official Agency Actions:			
Agency delegations and designations			
in effect at end of fiscal year	69	68	67
Designations renewed	24	24	23
Designations cancelled	0	0	0
State delegations at export port			
locations in effect at end of fiscal year	8	8	8
Registration of Firms Exporting Grain:			
Registration certificates issued	89	87	85
On-site investigations	6	15	15

3. Methods Development: Functions include applied research or tests that produce new or improved techniques for measuring grain quality. Examples include new knowledge gained through study of how certain variables such as particle size of ground material affects the variability of analyses and the comparison of different techniques for measuring sprout damage. The development of a new wheat classification system or evaluating prototype wheat hardness meters, and better measurement techniques for pesticides, mycotoxins, and grain odor are

included in this program area.

4. Inspection and Weighing Activities: The USGSA requires: (1) mandatory inspection and weighing services at export ports by GIPSA or delegated State agency personnel; and (2) permissive inspection and weighing services at domestic locations by designated State and private agency personnel. The USGSA also requires the Agency to supervise all official inspection and weighing activities. Further, on a request basis, Agency personnel perform inspection of rice and related commodities under the AMA and provide nationwide appeal inspection services.

The Agency provides an official grain inspection and weighing system under the U.S. Grain Standards Act (USGSA), as amended, and official inspection of rice and grain related products under the Agricultural Marketing Act of 1946 (AMA), as amended. The USGSA was reauthorized in 1993 permitting the Agency to continue to collect user fees to fund the costs associated with the operation, supervision, and administration of Federal grain inspection and weighing activities.

PACKERS AND STOCKYARDS PROGRAM

Packers and Stockyards programs are responsible for the administration of the Packers and Stockyards Act of 1921, as amended, and carrying out the Secretary's responsibilities under Section 1324 of the Food Security Act of 1985 covering "central filing systems" established by States for pre-notification of security interests against farm products. This includes responsibilities with respect to persons and firms subject to the Packers and Stockyards Act for the Trust-in-Lending Act, the Fair Credit Reporting Act and the Freedom of Information Act.

The principal purpose of the Packers and Stockyards programs is to assure the integrity of the livestock, meat, and poultry markets and the market place. This includes fostering fair and open competition and guarding against deceptive and fraudulent practices which affect the movement and price of meat animals and the products therefrom. The work of the Agency is also aimed at protecting consumers and members of the livestock, meat, and poultry industries against unfair business practices which can unduly affect meat and poultry distribution and prices.

The Food Security Act of 1985 permits the States to establish "central filing systems" for the purpose of pre-notifying buyers, commission merchants, and selling agents of security interests against "farm products." It is the responsibility of GIPSA to issue regulations and to certify those systems which meet the criteria set forth in the statute.

Agency programs are designed to assure the integrity of the livestock, meat and poultry markets and the marketplace. Other functions include assuring prompt payment to producers for livestock and poultry and assuring nondiscriminatory marketing charges and accurate weights. The Agency's programs also include protecting consumers from unfair business practices in the marketing of meat.

The wholesale value of livestock, meat, and poultry products produced by firms subject to the Act was \$90 billion in fiscal year 1993, the latest year for which data are available. Fiscal year 1994 data are not expected before March 1995.

The principal activities carried out in administering the Act are:

- Investigating trade practices of packers, market agencies, and dealers to detect fraudulent transactions and to guard against unfair trade practices detrimental to producers and the industry.
- Investigating packer meat merchandising and chain store buying in order to maintain prices established by fair and competitive marketing practices.

- Investigating the financial condition and payment practices of market agencies, dealers, packers, and live poultry dealers subject to the Act to determine if they are financially sound and capable of meeting their obligations.
- Maintaining the integrity of the statutory trust for cash sellers of livestock and poultry.
- Surveillance of marketing at public markets and geographical area markets to foster and maintain fair and effective competition and avoid conflicts of interest.
- Obtaining adequate surety bonds from auction operators, commission firms, dealers, and packers (purchasing more than \$500,000 of livestock annually) to assure payment for livestock purchased.
- Investigating poultry marketing practices to identify and correct those which are injurious to producers and operators in the industry.
- Checkweighing at auction markets, terminal stockyards, and at packer and dealer buying stations to foster and maintain integrity in the weights of subject transactions.
- Maintaining a surveillance program at stockyards to assure livestock are being handled and cared for properly.

The headquarters is located in Washington, D.C., and Kansas City, Missouri, with field activities located in 21 field offices, 11 regional offices, 2 Federal/State offices, and 8 suboffices in 22 States and Canada. As of September 30, 1994, employment totaled 763 full-time permanent employees and 112 part-time temporary and intermittent employees. Of the total, 191 full-time employees and 2 part-time or intermittent employees were located at headquarters while the remaining 572 full-time employees and 110 part-time and intermittent employees were assigned to field and regional locations. The costs of most field services and most headquarters activities are financed from fees charged for services performed. User-fee supported activities accounted for 59 percent of total agency spending in FY 1994.

The Agency's plan to streamline our field operations is making progress. The regional office in Portland, Oregon was closed effective September 30, 1994. On October 30, 1994, we closed the Houston, Texas Field Office and converted both the Corpus Christi, Texas and Beaumont, Texas Field Offices to Suboffices. Field Offices in Omaha, Nebraska, Peoria, Illinois, and Plainview, Texas were closed effective January 1, 1995. Additionally, Suboffices in West Memphis, Arkansas and Indianapolis, Indiana were also closed January 1, 1995. Program and Administrative responsibilities for all the closed offices were transferred to other existing offices within the Agency.

Additional plans for FY 1995 include consolidation of the Belle Chasse, Destrehan, and Luthcer, Louisiana Field Offices into one centrally located office in the New Orleans area.

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

PERFORMANCE INDICATORS

GRAIN INSPECTION

Projected Level of Activity

	1994 <u>Actual</u>	1995 <u>Estimated</u>	1996 <u>Estimated</u>
Quantity of Grain Officially Inspected (million metric tons)			
For Export by Federal Personnel.....	72.2	84.9	85.4
by Delegated State Personnel.....	14.1	16.6	16.6
Domestically.....	<u>134.7</u>	<u>134.7</u>	<u>134.7</u>
Total.....	221.0	236.2	236.7
Number of Inspections and Reinspections			
By Federal Personnel.....	156,379	157,000	158,000
By Delegated State/Official Agency Licensees.....	2,329,278	2,400,000	2,500,000
<u>Number of Grain Appeals</u>			
By Field Offices.....	12,767	12,000	11,000
By the Board of Appeals and Review.....	3,500	3,000	2,500
Quantity of Rice Inspected (million metric tons).....	5.2	5.3	5.4
Quantity of Rice Exports (million metric tons).....	2.4	2.7	2.8

Projected Level of Activity

Export Grain Weighed (million metric tons)			
By Federal Personnel.....	68.9	82.2	82.6
By Delegated State Personnel.....	14.1	16.0	16.1

PACKERS AND STOCKYARDS

Investigations	2,367	2,500	2,615
Market Agencies / Dealers Registered	9,523	9,500	9,530
Stockyards Posted	1,404	1,400	1,396
Slaughtering and Processing Packers Subject to the Act (estimated)	6,500	6,500	6,400
Distributors, Brokers, and Dealers Subject to the Act (estimated)	6,900	6,900	6,900
Poultry Operations Subject to the Act	275	275	250

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

Available Funds and Staff-Years1994 Actual and Estimated, 1995 and 1996

Item	1994		1995		1996	
	Actual		Estimated		Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Salaries and Expenses	\$22,834,550	338	\$23,289,000	353	\$23,679,000	348
Inspection and Weighing Services	33,339,019	533	42,784,000	532	42,784,000	532
Total, Grain Inspection, Packers and Stockyards Administration	56,173,569	871	66,073,000	885	66,463,000	880

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

Permanent Positions by Grade and Staff-Year Summary1994 and Estimated 1995 and 1996

Grade	1994			1995			1996		
	Wash :			Wash :			Wash :		
	DC	Field	Total	DC	Field	Total	DC	Field	Total
ES-6	1	--	1	--	--	--	--	--	--
ES-5	--	1	1	--	1	1	--	1	1
ES-4	1	--	1	1	--	1	1	--	1
ES-2	1	--	1	1	--	1	1	--	1
ES-1	--	--	--	1	--	1	1	--	1
	:	:	:	:	:	:	:	:	:
GS-15	8	1	9	8	1	9	7	1	8
GS-14	26	3	29	22	3	25	22	3	25
GS-13	44	32	76	42	30	72	41	30	71
GS-12	18	76	94	18	74	92	18	76	94
GS-11	6	135	141	6	132	138	6	131	137
GS-10	1	27	28	1	27	28	1	27	28
GS-9	7	244	251	7	229	236	7	224	231
GS-8	7	1	8	6	1	7	6	1	7
GS-7	8	34	42	8	36	44	8	36	44
GS-6	14	33	47	14	34	48	14	34	48
GS-5	15	115	130	13	111	124	13	110	123
GS-4	3	31	34	2	29	31	2	29	31
GS-3	--	10	10	--	10	10	--	10	10
GS-2	--	1	1	--	1	1	--	1	1
	:	:	:	:	:	:	:	:	:
Ungraded Positions.....	1	8	9	1	8	9	1	8	9
	:	:	:	:	:	:	:	:	:
Total Permanent Positions	161	752	913	151	727	878	149	722	871
	:	:	:	:	:	:	:	:	:
Unfilled Positions end-of-year	-23	-90	-113	-5	-50	-55	-5	-50	-55
	:	:	:	:	:	:	:	:	:
Total, Permanent Employment, end-of-year.	138	662	800	146	677	823	144	672	816
	:	:	:	:	:	:	:	:	:
Staff-Years: Ceiling	147	724	871	151	734	885	150	730	880

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

Salaries and ExpensesCLASSIFICATION BY OBJECTS1994 and Estimated 1995 and 1996

	<u>1994</u>	<u>1995</u>	<u>1996</u>
Personnel Compensation:			
Washington D.C.	\$ 4,603,507	\$ 4,799,000	\$ 4,938,000
Field	<u>9,648,677</u>	<u>10,129,000</u>	<u>10,148,000</u>
11 Total personnel compensation	14,252,184	14,928,000	15,086,000
12 Personnel benefits	3,118,094	3,061,000	3,238,000
13 Benefits for former pers. .	<u>213,067</u>	<u>123,000</u>	<u>- -</u>
Total Personnel Compensation Benefits	<u>17,583,345</u>	<u>18,112,000</u>	<u>18,324,000</u>
Other Objects:			
21 Travel	1,074,537	1,115,000	1,143,000
22 Transportation of things ..	113,032	109,000	88,000
23.2 Rental payments to others .	136,435	158,000	163,000
23.3 Communications, utilities, and misc. charges	515,422	610,000	633,000
24 Printing and reproduction .	70,268	58,000	70,000
25.1 Consulting services	0	25,000	25,000
25.2 Other services	2,264,688	2,041,000	2,158,000
26 Supplies and materials	473,614	453,000	472,000
31 Equipment	<u>603,209</u>	<u>608,000</u>	<u>603,000</u>
Total other objects	<u>5,251,205</u>	<u>5,177,000</u>	<u>5,355,000</u>
Total direct obligations	<u>22,834,550</u>	<u>23,289,000</u>	<u>23,679,000</u>
<u>Position Data:</u>			
Average Salary, ES positions	\$111,493	\$115,000	\$118,000
Average Salary, GS positions	\$ 40,624	\$ 42,000	\$ 43,000
Average Grade, GS positions	11.5	11.5	11.5

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

(New language is underscored; deleted matter is enclosed in brackets.)

Salaries and Expenses

- For necessary expenses to carry out the provisions of the United States Grain Standards Act, as amended, and for the administration of the Packers and
- 1 Stockyards Act, as authorized by law, and for certifying procedures used to protect purchasers of farm products, and the standardization activities related to grain under the Agricultural Marketing Act of 1946, as amended, including field employment pursuant to section 706(a) of the Organic Act of 1944
 - 2 (7 U.S.C. 2225), and not to exceed [\$20,000] \$25,000 for employment under 5 U.S.C. 3109, [\$23,314,000] \$23,679,000: Provided, That this appropriation shall be available pursuant to law (7 U.S.C. 2250) for the alteration and repair of buildings and improvements, but the cost of altering any one building during the fiscal year shall not exceed 10 per centum of the current replacement value of the building.

The first change reflects the formation of the new agency, Grain Inspection, Packers and Stockyards Administration by combining the Packers and Stockyards Administration with the Federal Grain Inspection Service.

The second change reflects combining authority from both previous agencies to show total authority for the new agency.

[Packers and Stockyards Administration

General and special funds

For necessary expenses for administration of the Packers and Stockyards Act, as authorized by law, and for certifying procedures used to protect purchasers of farm products, including field employment pursuant to section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$5,000 for employment under 5 U.S.C. 3109, \$11,989,000.]

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

SALARIES AND EXPENSES - CURRENT LAW

Appropriations Act, 1995	\$23,314,000
Budget Estimate, 1996	<u>23,679,000</u>
Increase in Appropriation	<u>+365,000</u>

Adjustments in 1995:

Appropriations Act 1995	\$23,314,000	
Activities Transferred to DA-OCRE a/.....	<u>-25,000</u>	
Adjusted Base for 1995		23,289,000
Budget Estimate, Current Law, 1996		<u>23,679,000</u>
Increase over Adjusted 1995		<u>+390,000</u>

a/ Pursuant to Secretary's Memorandum No. 1020-42 dated September 26, 1994, the Department's EEO counseling function shall henceforth be performed solely by DA-OCRE.

SALARIES AND EXPENSES - PROPOSED LEGISLATION

Budget Estimate, Current Law, 1996	\$23,679,000
Change Due to Proposed Legislation:	
Proposed License Fees	-12,719,000
Proposed Dealer Trust	-179,000
Proposed Standardization User Fees	<u>-3,576,000</u>
Total, Changes Due to Proposed Legislation	<u>-16,474,000</u>
Net Request, President's 1996 Budget Request	<u>7,205,000</u>

Explanation of Proposed Legislation

Packers license fee - This proposal would amend the Packers and Stockyards Act (P&S Act) to provide authority to collect license fees to cover the cost of the program. Currently the law requires market agencies and dealers to register with GIPSA, but there is no authority for collection of licensing fees. All packers, live poultry dealers, stockyard owners, market agencies and dealers, as defined in the Packers and Stockyards Act, would be required to have a valid license and be subject to the license fees. This proposal shifts the cost to the direct beneficiary of the program.

Grain Inspection Standardization user fee - The Grain Inspection, Packers and Stockyards Administration develops, reviews, and maintains official U.S. grain standards used by the entire grain industry. This proposal shifts the cost to the direct beneficiary of the program by charging a fee to cover agency costs of developing standards.

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

SUMMARY OF INCREASES AND DECREASES - CURRENT LAW
(On basis of adjusted appropriation)

<u>Item of Change</u>	<u>1995 Estimated</u>	<u>Program Changes</u>	<u>Pay Cost</u>	<u>Other Changes</u>	<u>1996 Estimated</u>
Compliance					
Activities.....	\$ 4,504,000	- -	+\$63,000	+\$4,000	\$ 4,571,000
Methods					
Development.....	1,791,000	+1,000,000	+19,000	+3,000	2,813,000
Standardization					
Activities.....	5,021,000	-1,502,000	+52,000	+5,000	3,576,000
Packers and Stockyards.....	<u>11,973,000</u>	<u>+600,000</u>	<u>+162,000</u>	<u>-16,000</u>	<u>12,719,000</u>
Total Available..	<u>23,289,000</u>	<u>+ 98,000</u>	<u>+296,000</u>	<u>-4,000</u>	<u>23,679,000</u>

PROJECT STATEMENT - CURRENT LAW
(On basis of adjusted appropriation)

<u>Project</u>	<u>: 1994 Actual</u>	<u>: Staff:</u>	<u>: 1995 Estimated</u>	<u>: Staff:</u>	<u>: Increase</u>	<u>: 1996 Estimated</u>	<u>: Staff</u>
	<u>: Amount</u>	<u>: Years:</u>	<u>: Amount</u>	<u>: Years:</u>	<u>: or</u>	<u>: Amount</u>	<u>: Years</u>
					<u>: Decrease</u>		
Compliance	:	:	:	:	(1):	:	:
Activities.....	\$4,579,766:	75 :	\$4,504,000:	78 :	+\$67,000:	\$4,571,000:	78
Methods	:	:	:	:	(2):	:	:
Development.....	1,784,827:	23 :	1,791,000:	23 :	+1,022,000:	2,813,000:	23
Standardization	:	:	:	:	(3):	:	:
Activities.....	4,387,824:	55 :	5,021,000:	67 :	-1,445,000:	3,576,000:	62
Packers and	:	:	:	:	(4):	:	:
Stockyards.....	12,082,133:	185 :	11,973,000:	185 :	+746,000:	12,719,000:	185
Unobligated	:	:	:	:	:	:	:
balance.....	154,450:	- - :	- - :	- - :	- - :	- - :	- -
Total, Available:	:	:	:	:	:	:	:
or Estimate....	22,989,000:	338 :	23,289,000:	353 :	+390,000:	23,679,000:	348
Transfer to	:	:	:	:	:	:	:
FSIS.....	666,000:	:	:	:	:	:	:
Transfer to	:	:	:	:	:	:	:
DA- OCRE.....	- - :	:	25,000:	:	:	:	:
Total, Appro.....	<u>\$23,655,000:</u>	:	<u>23,314,000:</u>	:	:	:	:

JUSTIFICATION OF INCREASES AND DECREASES

Under the Secretary's authority in implementing the 1994 USDA reorganization (P.L. 103-354) the Federal Grain Inspection Service (FGIS) and the Packers and Stockyards Administration (P&SA) were merged to form the Grain Inspection, Packers and Stockyards Administration (GIPSA).

- (1) An increase of \$67,000 in Compliance Activities (\$4,504,000 available in 1995) consisting of:

- (a) An increase of \$63,000 for pay costs which reflects an increase for the fiscal year 1995 pay raise and for the 1996 pay raise.
- (b) An increase of \$38,000 which reflects a 3 percent increase in non-salary costs.
- (c) A decrease of \$34,000 for administrative efficiency.

In support of the Secretary's streamlining efforts and the President's Executive Order to reduce overhead-type outlays from the FY 1993 baseline, budget authority is reduced by \$34,000.

In order to achieve these savings, the Agency will reduce discretionary expenses by \$34,000 in FY 1996, in areas such as employee development and equipment.

- (2) An increase of \$1,022,000 in Methods Development (\$1,791,000 available in 1995) consisting of:

- (a) An increase of \$19,000 for pay costs which reflects an increase for the fiscal year 1995 pay raise and for the 1996 pay raise.
- (b) An increase of \$16,000 which reflects a 3 percent increase in non-salary costs.
- (c) A decrease of \$13,000 for administrative efficiency.

In support of the Secretary's streamlining efforts and the President's Executive Order to reduce overhead-type outlays from the FY 1993 baseline, budget authority is reduced by \$13,000.

In order to achieve these savings, the Agency will reduce discretionary expenses by \$13,000 in FY 1996, in areas such as employee development and equipment.

- (d) A shift of \$1,000,000 from Standardization Activities to Methods Development.

In the FY 1995 budget, the Agency limited costs associated with Methods Development to technical research activities. Upon closer review of these activities, the Agency has determined that Methods Development also must include costs associated with understanding the economic importance and value of grain quality measurements.

The budget proposes to shift \$1,000,000 from Standardization Activities to Methods Development activities for economic and market analyses related to grain quality measurement and methods development activities. This funding is essential in order to effectively address issues such as improvement in U.S. grain quality to enhance America's competitive position in export markets.

- (3) A decrease of \$1,445,000 in Standardization Activities (\$5,021,000 available in

1995) consisting of:

- (a) An increase of \$52,000 for pay costs which reflects an increase for the fiscal year 1995 pay raise and for the 1996 pay raise.
- (b) An increase of \$42,000 which reflects a 3 percent increase in non-salary costs.
- (c) A decrease of \$37,000 for administrative efficiency.

In support of the Secretary's streamlining efforts and the President's Executive Order to reduce overhead-type outlays from the FY 1993 baseline, budget authority is reduced by \$37,000.

In order to achieve these savings, the Agency will reduce discretionary expenses by \$37,000 in FY 1996, in areas such as employee development and equipment.

- (d) A decrease of \$502,000 for program efficiencies.

In November 1993, Congress enacted Public Law 103-156, U.S. Grain Standards Act Amendments of 1993. Section 15 of the legislation required GIPSA to submit to Congress a comprehensive cost containment plan. The plan described the Agency's past, current, and future initiatives designed to streamline and maximize the efficiency of operations, including standardization activities, in order to minimize taxpayer expenditures and user fees. In this context, the Agency is taking a new look at how it operates by applying the basic principles set forth in the National Performance Review to improve service efficiency and effectiveness. The Agency is working to reduce internal "red tape," emphasize customer service, empower employees to get the job done, and introduce new technology to improve productivity.

Accordingly, the Agency is undertaking significant change in its organizational structure, quality control and assurance program, financial management approach, information management processes, and employee development. The Agency estimates that restructuring its field operations will result in an estimated \$1.3 million savings in its trust fund 2 years after implementation. Additional savings are forecast for standardization activities and are reflected here in the amount of \$502,000. A reduction of five staff years is anticipated.

- (e) A shift of \$1,000,000 from Standardization Activities to Methods Development.

In the FY 1995 budget, the Agency limited costs associated with Methods Development to technical research activities. Upon closer review of these activities, the Agency has determined that Methods Development also must include costs associated with understanding the economic importance and value of grain quality measurements.

The budget proposes to shift \$1,000,000 from Standardization Activities to Methods Development activities for economic and market analyses related to grain quality measurement and methods development activities. This funding is essential in order to effectively address issues such as improvement in U.S. grain quality to enhance America's competitive position in export markets.

- (4) An increase of \$746,000 for administration of the Packers and Stockyards Act \$11,973,000 available in 1995) consisting of:

- (a) An increase of \$162,000 for pay costs which reflects an increase for the fiscal year 1995 pay raise and for the 1996 pay raise.

- (b) An increase of \$66,000 which reflects a 3 percent increase in non-salary costs.
- (c) A decrease of \$60,000 for administrative savings.

In support of the Secretary's streamlining efforts and the President's Executive Order to reduce overhead-type outlays, budget authority is reduced by \$60,000.

In order to achieve these savings, the Agency will reduce administrative expenses by \$60,000 in FY 1996, in areas such as software and computer equipment.

- (d) An increase of \$600,000 to improve the poultry compliance program.

This request is necessary to expand the poultry compliance program to an effective level and investigate the increasing number of poultry complaints.

Over the past couple of years, complaints from poultry growers have increased by more than 200 percent, requiring more and more of the Agency's resources to determine if violations of the Packers and Stockyards Act have occurred. A major reason for the dramatic increase in complaints is the formation of poultry grower organizations at the local, state, and national levels. Growers who were often hesitant in the past to complain about possible violations of the Act have begun, as members of growers' associations, to come forward.

Poultry contract growers are complaining that they are at the mercy of large integrators. Growers all over the country are looking toward the U.S. Department of Agriculture for help in assuring fair treatment in dealing with integrators. Under the current budget, there are no funds available to assure compliance with the Act by live poultry dealers.

A more comprehensive compliance program would allow the Agency to be proactive rather than reactive to violative trade practices by poultry firms. The Agency would also be more cognizant of practices that may be unfair, deceptive, or discriminatory before they escalate to the point where growers' contracts are unjustly terminated.

- (e) A decrease of \$22,000 for FTS 2000 reduction.

This decrease reflects lower long distance telecommunications prices due to price redeterminations in the FTS 2000 contracts.

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

Summary of Proposed Legislation

SUMMARY OF INCREASES AND DECREASES - PROPOSED LEGISLATION

<u>Item of Change</u>	FY 1996		
	<u>Current Law</u>	<u>Program Changes</u>	<u>President's Request</u>
Compliance Activities	\$4,571,000	- -	\$4,571,000
Methods Development	2,813,000	- -	2,813,000
Standardization Activities	3,576,000	-\$3,576,000	- -
Packers and Stockyards	12,719,000	-12,719,000	- -
Proposed Dealer Trust	- -	-179,000	-179,000
Total Available	<u>23,679,000</u>	<u>-16,474,000</u>	<u>7,205,000</u>

Explanation of Proposed Legislation

Standardization Activities - The Grain Inspection, Packers and Stockyards Administration develops, reviews, and maintains official U.S. grain standards used by the entire grain industry. This proposal would initiate user fees for this service. The Administration believes that the beneficiaries of these services should pay for the costs of these services.

License Fees - This proposal would amend the Packers and Stockyards Act (P&S Act) to provide authority to collect license fees to cover the cost of the program. Currently, the law provides registration requirements for market agencies and dealers, but there is no authority for licensing fees. All packers, live poultry dealers, stockyard owners, market agencies and dealers, as defined in the Packers and Stockyards Act, would be required to have a valid license and be subject to the license fees. The license could be suspended which would have the same effect as the suspension of a registration under current law.

There are currently 9,500 market agencies and dealers registered that would be subject to the licensing requirements.

In addition, there are 1,400 stockyards, 6,500 slaughtering and processing packers, 250 poultry processors, and 6,900 meat distributors, brokers, and dealers subject to the P&S Act that would be subject to the licensing requirements, but would not be subject to having their license suspended. This would be consistent with current law which does not provide for registration of these operations which are not, therefore, subject to suspension.

Dealer Trust - The proposed legislation would amend the Packers and Stockyards Act to provide for a statutory "dealer trust." Such a trust would require livestock inventories and accounts receivable due from the sale of livestock to be held in trust for unpaid cash sellers when a dealer fails to pay for livestock. Dealer failures represent a significant amount of unrecovered losses in the livestock marketing chain. A dealer trust would be helpful in minimizing these losses by producers.

Marketing agencies selling livestock on a commission basis have long been required to handle funds received from the sale of consignors' livestock as trust funds and to use a special bank account designated "Custodial Account for Shippers' Proceeds." In 1976, the P&S Act was amended to require meat packers to hold inventories and receivables in trust for unpaid cash livestock sellers in the event of a financial failure. There is no similar protection for livestock sellers when they sell to a dealer.

Grain Inspection, Packers and Stockyards Administration
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1994 and Estimated 1995 and 1996
SALARIES AND EXPENSES

	<u>FY 1994</u>		<u>FY 1995</u>		<u>FY 1996</u>	
	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>
Arkansas	132,237	2	139,000	2	135,000	2
California	629,886	11	653,000	13	689,000	13
Colorado	545,971	10	565,000	11	601,000	11
District of Columbia ..	8,070,899	96	8,390,000	103	8,576,000	101
Georgia	698,812	12	724,000	13	767,000	13
Idaho	69,818	1	74,000	1	72,000	1
Illinois	290,211	4	306,000	5	61,000	1
Indiana	627,146	13	648,000	13	689,000	13
Iowa	141,539	2	149,000	2	414,000	6
Kansas	964,128	18	1,002,000	18	1,227,000	21
Louisiana	361,554	5	381,000	6	369,000	5
Maryland	185,917	3	196,000	3	190,000	3
Minnesota	732,516	14	761,000	15	795,000	15
Missouri	4,746,324	65	4,998,000	75	4,892,000	74
Nebraska	755,153	13	783,000	13	717,000	12
North Dakota	170,303	2	179,000	3	173,000	3
Ohio	95,677	1	103,000	1	100,000	1
Oregon	611,489	12	119,000	2	115,000	2
Pennsylvania	652,434	12	675,000	12	718,000	12
Tennessee	577,899	11	598,000	11	636,000	11
Texas	1,027,776	18	1,070,000	18	930,000	15
Virginia	630,430	11	653,000	11	694,000	11
Washington	116,431	2	123,000	2	119,000	2
Subtotal, Available or Estimate	22,834,550	338	23,289,000	353	23,679,000	348
Transfer to FSIS	666,000	- -	- -	- -	- -	- -
Unobligated Balance ..	154,450	- -	- -	- -	- -	- -
Total, Available or Estimate	23,655,000	338	23,289,000	353	23,679,000	348

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

SALARIES AND EXPENSES

STATUS OF PROGRAM

Federal Grain Inspection:

Current activities, progress, and programs for standardization, quality assurance, methods development, and compliance functions are outlined below:

STANDARDIZATION AND QUALITY ASSURANCE ACTIVITIES

Current Activities: The Agency compiles data for developing new and updating existing grading standards, and evaluates new methodology and equipment for determining grain classification and quality. The Agency provides reference standards for official grading procedures.

Selected Examples of Recent Progress:1. Standardization. (Grain; Rice; and Beans, Peas, and Lentils)

Grain. The Agency implemented revised standards for soybeans on August 1, 1994, with an effective date of September 1, 1994. Revisions to these standards were based on the evaluation of 1,770 comments. The revised standards: (1) report the percentage of splits in tenths percent; (2) reduce the U.S. Sample grade criteria and U.S. Sample grade aggregate weight criteria for stones; (3) reduce the U.S. Sample grade criteria for pieces of glass; (4) eliminate the grade limitation on purple mottled or stained soybeans and establish a special grade, Purple Mottled or Stained; (5) eliminate the grade limitation on soybeans that are materially weathered; (6) clarify the reference to Mixed soybeans; and (7) establish a cumulative total for factors which may cause a sample to grade U.S. Sample grade. A final ruling on foreign material in soybeans is pending the completion of the joint grain cleaning study with ERS.

The Agency is continuing its review of the barley standards. The Agency solicited input from the barley industry on a discussion paper developed by the Agency, and at a meeting hosted by the Washington Barley Commission in Pasco, Washington, in May 1993. A proposed rule soliciting comments and a final rule are expected during fiscal year (FY) 1995.

The Agency also initiated discussions regarding a review of the standards for corn, sunflower seed, flaxseed, oats, rye, triticale, and mixed grain. The Agency plans to propose action on these grains and oilseeds during FY 1995.

Rice. On December 23, 1993, the Agency implemented revised standards for rice. Specifically, the Agency revised the U.S. Standards for Rough Rice, Brown Rice for Processing, and Milled Rice by establishing a special grade for aromatic rice.

Beans. On September 22, 1993, the Agency published an advance notice of proposed rulemaking regarding the need for changes to the bean standards. One comment was received. Based on the comment and other available information, the Agency prepared a proposed rule to eliminate the factor "clean-cut weevil-bored beans" from the grade requirements for Blackeye beans and change the grade limits for several factors in the class Baby Lima beans. The proposed rule was forwarded to

the Office of the General Counsel on May 17, 1994. The Agency plans to publish a final rule in FY 1995.

2. Standardizing Official Grain Inspection Equipment.

The Agency conducts standardization processes for each instrument-based official inspection method, as mandated by the U.S. Grain Standards Act. Instrument-based official methods include: wheat protein, soybean protein and oil, sunflower oil, rice free fatty acids, moisture, Falling Number, aflatoxin, vomitoxin, dockage, test weight, and rice milling yield. The Agency prepared, tested, and distributed standard samples used to maintain consistency among official testing laboratories.

Official calibration equation evaluation and improvement are ongoing standardization functions. In FY 1994, the Agency developed 11 grain moisture calibration equations and 4 near infrared transmittance (NIRT) wheat protein calibration equations.

The Agency maintains and conducts the chemical reference methods used to standardize official methods to internationally-accepted definitions of constituents such as protein, oil, and moisture.

The Agency continues to evaluate its standardization processes to improve performance. The monitoring tolerances for wheat protein and soybean protein and oil have been dramatically reduced as a result of improved consistency in those official inspection programs. Further performance improvements are anticipated in FY 1995.

3. Standardizing Commercial Grain Inspection Equipment.

During the first half of FY 1994, the Agency provided technical and administrative support to two technical sectors of the National Conference on Weights and Measures (NCWM). The Agency's Technical Center in Kansas City was authorized by the National Institute of Standards and Technology (NIST) to serve as a National Type Evaluation Program (NTEP) laboratory. The Agency's role then shifted from technical support to evaluating and calibrating commercial moisture meters. Data will be collected for calibration development on NTEP-approved commercial moisture meters in FY 1995.

In FY 1994, the (Agency) NTEP laboratory type-evaluated five moisture meters for commercial use. One meter was recommended to NIST for approval and one additional meter will be recommended for approval. Additional testing will be performed on those models not yet recommended for approval. Additional models of moisture meters will be evaluated in FY 1995.

METHODS DEVELOPMENT.

Current Activities: The Agency conducts applied research while fulfilling its mandate to administer the Nation's grain inspection and weighing system. Identifying, evaluating, and implementing new or improved techniques for measuring grain quality are the goals of the methods development activities.

Selected Examples of Recent Progress:

1. Heavy Metals Analysis.

Concern has been expressed about the possibility of contamination of U.S. grain by heavy metals such as cadmium, lead, mercury, arsenic, and selenium. These metals occur naturally in certain types of soil and can also be introduced by the use of sewage sludge as a fertilizer. It has been shown that some of these metals can be taken up by the roots of the plant and end up in the grain.

Equipment for conducting heavy metal analysis in grain has been purchased and installed. During Phase 1, methods for analysis of lead and cadmium are being verified and a survey program for these metals will be developed for wheat. Phase 2 involves the development and verification of methods for the analysis of mercury, selenium, and arsenic.

2. Type Evaluation of Mycotoxin Test Kits and Adoption of Reference Methods.

Mycotoxins are toxic substances produced by a wide variety of molds and fungi. During FY 1994, the Agency reviewed and revised specifications for quantitative aflatoxin test kits. Quantitative tests provide the actual concentration of aflatoxin present in analyzed samples. In FY 1994, test kit manufacturers were asked to provide data showing that their products met the performance specifications. The Agency's personnel then verified these data instead of performing lengthy evaluations. This greatly reduced the resources needed to evaluate such test kits. Two companies responded to this request and, after verification, their test kits were approved for use in the official inspection system.

The Agency-approved instruments and specifications are generally adopted by the grain industry. In addition, under a memorandum of understanding, the Agency performance specifications are used by the Association of Official Analytical Chemists Research Institute to verify the performance of mycotoxin tests submitted to the Institute for evaluation.

A draft of the performance specifications for quantitative test kits used to measure deoxynivalenol (also known as vomitoxin or DON) is being developed. Future activities will include the publication of the specifications and a subsequent evaluation of the quantitative test kits submitted for approval.

3. Grain Odor.

Musty, sour, and commercially-objectionable foreign odors are important grain grading factors. The Agency continues to collaborate with the Agricultural Research Service (ARS) on odor detection in grain. An ARS-developed and patented sample holder that prevents inspectors from inhaling particulates, such as dust and mold spores, has been evaluated by the Board of Appeals and Review and field-tested in ten grain inspection offices. Use of this holder did not impair the inspector's ability to detect and identify grain odors.

ARS scientists showed that the use of the device would decrease inspector exposure to particulate material such as dust and mold spores present in grain by a factor of 100. Commercial manufacturers currently are being sought to produce the holder. Comments from users in the field test are being evaluated and suggested modifications will be included in the production of commercial prototypes.

4. Wheat Classification.

The Agency, ARS, the Agricultural Marketing Service (AMS), and the industry-

sponsored Wheat Classification Working Group are continuing a collaborative effort to develop a wheat classification system based on objective test results rather than kernel morphology.

In 1994, six commercial prototypes of the single kernel hardness tester produced by Perten Instruments of North America were field tested at five different locations plus the Agency's Technical Center. The results of this test showed that this instrument could successfully classify wheat as hard or soft. In FY 1995, 20 commercial instruments will be placed in field offices throughout the United States. These instruments will be used to determine the hardness, weight, diameter, and moisture range of single kernels in inspected market samples. This information will be used to further assess the impact of a new classification system and the added value of this information to end users.

The Agency's scientists have cooperated with personnel from the National Institute of Science and Technology (NIST) to make a set of wheat standard hardness reference samples available to the public. The hardness scale developed by ARS and the Agency's scientists has been adopted as an important world-wide reference. This scale is dependent on having access to a set of hardness reference samples. These samples should be available through NIST's Standard Reference Material Program in 1995.

In a separate project, the Agency's scientists are cooperating with ARS and the wheat industry to develop inspection techniques that can be used to distinguish kernels of red wheat from white wheat. The different techniques that are being investigated include near infrared (NIR) analysis, color detection instruments, and chemical analyses.

5. Pesticide Analysis.

The Agency's scientists have pioneered the development of a new pesticide extraction technique using carbon dioxide gas under high pressure and elevated temperature. This technique decreases the time required for extraction from hours to minutes, decreases the use of organic solvents, and is approximately one-tenth the cost of conventional extraction methods. Development of new analytical methods for pesticide analysis has continued for wheat and has been expanded to barley, corn, and soybeans.

In a separate program, approximately 700 domestic wheat samples will be surveyed for the presence of approximately 30 different pesticide residues. These data will be shared with AMS as part of the Pesticide Data Program.

Finally, export samples also will be surveyed for the presence of pesticides. It is anticipated that approximately 300 samples will be analyzed per year.

6. Image Analysis.

Image analysis techniques are being applied to the field of grain inspection. These techniques involve the use of cameras and computerized data analysis to provide objective analysis of grain samples. In the past, manufacturers have produced two commercial instruments for the inspection of rice and other grains such as wheat. The Agency's personnel will be purchasing and evaluating an image analysis instrument in order to determine how this technology can be applied to enhance grain inspection.

7. Protein Reference Method.

On July 20, 1994, the Agency replaced the Kjeldahl method as the official protein chemical reference method with the Combustion Nitrogen Analyzer (CNA) method. The use of the CNA will result in improvements in the accuracy of the official inspection system, while reducing overall costs of standardization activities and eliminating the environmental and physical hazards associated with the Kjeldahl method.

8. Test Weight Study.

The Agency commissioned the USDA Economic Research Service (ERS) to study the economic importance of test weight in marketing Soft Red Winter wheat in the United States. The study responds to Soft Red Winter wheat growers' concerns about the economic impact of test weight limits established in the U.S. Standards for Wheat. They have reported that wheat millers assess unfair price discounts for lower test weight despite research that indicates that test weight is not a good indicator of flour yield or quality. Wheat millers contend that test weight is more than a flour yield indicator; it is a good indicator of physical quality and processing efficiency. The Agency determined that sufficient data are not available to identify the advantages and disadvantages of changing the test weight limits in the Official U.S. Standards for Wheat. Therefore, an independent economic study was needed before considering action to change the standards. The study is scheduled for completion in FY 1995.

9. Wheat Dockage.

In FY 1994, the Agency initiated a study to evaluate possible changes to the special chess dockage procedure. Chess is a weed seed commonly found in some geographic areas where Hard Red Winter wheat is grown. The Agency has maintained a longstanding special dockage procedure to be used when excessive quantities of chess are present in a wheat sample. The Agency and industry recognized several problems with the application and results of the special dockage procedure. Industry indicated that chess should be considered dockage; but shrunken and broken kernels, which are usually removed as dockage in the special dockage procedure, should be considered shrunken and broken kernels and not dockage. To address this concern, the Agency initiated a study of possible changes to the special dockage procedure. The Agency will take additional action on the issue based on results of the study and discussions with the industry.

COMPLIANCE ACTIVITIES

Current Activities. The compliance program is designed to ensure the accurate and uniform application of the USGSA and applicable provisions of the AMA. The compliance program functions include: (1) evaluating alleged violations, initiating preliminary investigations, and initiating enforcement/administrative action for violations; (2) conducting management and technical reviews of the Agency's operations and monitoring appropriate corrective action; (3) administering the program for delegating State agencies and designating State and private agencies to perform official functions and monitoring their performance; (4) identifying, monitoring, and exempting, where appropriate, official agency and licensee conflicts of interest; (5) licensing personnel of delegated States and designated agencies; (6) registering persons/firms engaged in buying grain for sale in foreign commerce and engaged in handling, weighing, and transporting grain for sale in foreign commerce; (7) responding to audits of the Agency's programs; (8) reviewing and, where appropriate, approving official

agencies' fee schedules; and (9) administering the Agency's management control program.

Selected Examples of Recent Progress:

1. Management Control Program.

The Agency has established and maintains, at all levels of the organization, an effective checks-and-balances system of program, accounting, and administrative control. Agency programs and activities are reviewed continually to ensure that they are fundamentally sound, operate with sufficient controls and security measures, and comply with applicable statutes and regulations.

2. Compliance Reviews.

During FY 1994, the Agency's personnel conducted compliance reviews of one Agency field office to evaluate management effectiveness and procedural compliance, and 28 designated official agencies to determine whether they meet the criteria for designation. The Agency found various problem areas within the national system; however, none appear to have affected the overall integrity of its programs; the inspection system, or mission of the Agency. Identified problems have been or are being corrected. Overall, the Agency's offices are well managed, performing satisfactorily, and meeting the Agency's mission. Follow-up compliance reviews were conducted in three field office circuits to ensure that appropriate action was taken to resolve previously identified problems.

As part of all compliance reviews, the Agency's personnel interview applicants for service and official personnel to ensure that there is no discrimination in the delivery of official services. No instances of discrimination were identified in the reviews conducted during FY 1994.

3. Official Agency Designations.

Sixty-nine State and private agencies are designated to provide official services at interior locations. Of these, eight are State agencies that also are delegated to perform official inspection and weighing services at export locations.

Under triennial renewal procedures, 28 official agency designations automatically terminated in FY 1994. Twenty-four designations were renewed for 3-year terms after performance reviews were conducted. Two agencies' designations were not renewed—one did not apply for renewal, and the Agency determined that official services were not necessary from the other because of insufficient volume of business. The two remaining official agencies' designations were renewed for 12-month interim periods pending correction of continuing noncompliances that were identified during reviews.

4. Alleged Violations and Case Activity.

At the beginning of FY 1994, 15 cases involving alleged violations of the USGSA and the AMA were pending further actions. During this fiscal year, 23 cases were opened and 23 cases were closed, leaving 15 cases pending action at the close of FY 94. Alleged violations during FY 1994 included: deceptive practices; improper inspection procedures; false load order grade for export grain; intimidation of official personnel; employee misconduct; altering official certificates; improper sampling procedures; and exporting without export inspection, weights, and grades.

Of the 23 cases opened during FY 1994, the Agency's personnel conducted six onsite investigations, USDA's Office of Inspector General investigated one, the Kansas Bureau of Investigation investigated one, and one was referred to APHIS for investigation. The remaining cases were addressed by evaluating information gathered and submitted by the Agency's field office personnel.

5. Enforcement Actions.

The Agency took administrative action on 16 of the 23 cases closed. These actions included a \$15,000 civil penalty, a \$3,000 civil penalty, and 14 cautionary letters to various grain firms and official agencies. Three cases were closed due to insufficient evidence to substantiate a violation, 2 were referred to a currently opened case that involves the same grain firm, and official agencies implemented corrective actions in 2 cases.

6. Registration to Export Grain.

During calendar year 1994, The Agency issued 89 Certificates of Registration to firms that export grain for sale; or handle, weigh, or transport grain for sale in foreign commerce.

7. Prohibition on Adding Water to Grain.

In FY 1995, the Agency will enforce the prohibition on adding water to grain, except for milling, malting, or other processing operations. The Agency will conduct special monitoring reviews to ensure compliance, establish a toll-free telephone number to receive violation reports, dispatch quick response teams to investigate reported violations, and vigorously initiate and/or recommend appropriate corrective actions including imposing criminal and civil penalties.

International Monitoring.

The International Monitoring program functions include (1) traveling to other countries to explain the Agency's inspection and weighing procedures; (2) briefing visiting trade and governmental teams and others on the grain marketing system, the Agency, and grain quality issues; (3) monitoring the quality and weight of grain shipments between origin and destination ports; (4) assisting USDA cooperator organizations with international market development projects, such as installing diverter-type samplers, establishing grain inspection laboratories, testing and evaluating grain inspection equipment accuracy, and providing grain inspection training to local inspectors; and (5) preparing written or on-site responses to discrepancies about grain shipments reported through the Foreign Agricultural Service and other sources.

In FY 1994, the Agency conducted 94 briefings for visiting trade and governmental teams to explain the role of the Agency and the U.S. grain marketing system. In addition, the Agency personnel provided a wide range of technical advice and support to many nations, including training Egyptian grain inspectors and advising the Bulgarian government on grain quality control and inspection procedures.

In FY 1994, the Agency received 29 quality complaints and one quantity complaint from importers on grain inspected under the Act. The complaints involved 40 lots loaded aboard 36 vessels.

Importers' complaints in fiscal 1994 involved approximately 0.85 million metric tons, or about

1.0 percent (by weight) of the total amount of grain exported during the year. The 48 quality complaints and 2 quantity complaints the Agency received in FY 1993 represented approximately 1.6 percent of the total tonnage of grain exports.

Packers and Stockyards:

Current Activities: The Packers and Stockyards (P&S) Act of 1921 (7 U.S.C 181-229) is administered to assure free and open competition, fair trade practices, and financial protection to the livestock, meat, and poultry industries. The objectives of the P&S Act are to protect producers, consumers, and competitors against unfair, deceptive, or discriminatory practices as well as those that are predatory or monopolistic in nature. The Agency also carries out the Secretary's responsibilities under Section 1324 of the Food Security Act of 1985 covering "central filing systems" established by States for prenotification of security interests against farm products. Specific areas to which efforts are now being directed are:

1. Payment Protection: It is very important that livestock producers receive payment for the livestock they market. Accordingly, the area of payment protection will continue to receive high priority in work planning and allocation of Agency resources. Particular emphasis will be placed on prompt payment, financial frauds, and material insolvencies. The Agency will continue to investigate failure to pay for meat and poultry and remain actively involved in statutory trust matters and bonding activities.

The P&S Act provides comprehensive financial protection to cash sellers of livestock to packers. The Agency program to carry out these provisions and activities to prevent losses to livestock sellers receives top priority. Annual reports of packers are analyzed with insolvent packers required to improve their working capital either by adding current assets and/or reducing current liabilities. During fiscal year 1994, insolvent packers improved their working capital by \$5.9 million.

2. Custodial Account Audit Program: The Agency will continue its emphasis on custodial account investigations as a means of payment protection for consignors of livestock. A program has been implemented which will assure each custodial account is examined on at least a 3-year frequency.
3. Livestock Marketing: Fraudulent marketing practices such as false weighing, weight and price manipulation, and misrepresentation of livestock as to origin and health continue to be problems within the industry. Emphasis is given to investigating these practices when complaints are received or when they become evident during other investigations.

Competition for livestock, either in direct trading or at public markets, should be open and free of restrictions. Any practice, agreement, or understanding which excludes potential buyers from bidding in open competition would be considered a restraint on competition. Practices which result in the lessening of competition for producers' livestock include apportioning of territories, price agreements or arrangements not to compete, and payoffs or kickbacks to buyers. Therefore, any information which indicates a possible restriction of competition is investigated on a priority basis.

4. Competition: One of the major responsibilities under the Act is to assure that a fair competitive marketing system exists. The Agency continually monitors the packing industry for unfair practices, and in cooperation with the Justice Department, Antitrust Division, acts to fulfill its responsibilities with regard to concentration and potential competitive restrictions.

5. Meat Marketing: The Agency continues to investigate instances of commercial bribery in the wholesale meat industry. When bribes are present, retail chainstore meat buyers base buying decisions on the amount of the bribe rather than price, quality and service, thereby eliminating fair and open competition.

Bait-and-switch freezer meat operators continue to be a concern to the Agency. The Agency's policy of referring complaints to State and local authorities, and working with them during the investigative stages, continues to be a satisfactory arrangement.

6. Scales and Weighing: The Agency's mission in this area of responsibility is directed toward two different elements which affect the integrity of subject transactions. These two elements are: (1) the accuracy of the scales used for weighing livestock, meat, and poultry; and, (2) the proper and honest operation of scales to assure that the weight on which a transaction is based is accurate and honest.

The major emphasis of the Agency in this program area is directed toward the detection of improper and fraudulent use of subject scales. This is an investigative program employing the use of several different types of procedures to determine if weighing activity is proper and honest. Investigative procedures and frequencies are changed, as necessary, to relate to different or changing marketing methods and conditions.

Assuring the accuracy of subject scales does not require as great an expenditure of Agency resources as does the investigative program. Required tests of subject scales are performed, in most cases, not by Agency personnel, but by State and private testing agencies.

The Agency monitors this testing by analyzing required reports of tests of subject scales. In order for a scale test to accurately reflect the condition of a scale, the test applied must be correct and sufficient to develop the operating characteristics of the scale under normal conditions of use. Such a test must be comprehensive and carefully controlled. The Agency, as a means of assuring that tests performed on subject scales are proper and complete, is an active participant in a national training program sponsored by the National Conference on Weights and Measures and administered by the National Institute of Standards and Technology. The Agency also participates in the development of curricula for technical training schools and in the conduct of those training schools across the country.

The Agency was selected by the Department of Agriculture to be a pilot project for performance measurements under the Government Performance and Results Act of 1993 (GPRA). This pilot project will require the preparation of annual performance plans and program performance reports for fiscal years 1995 and 1996. The goals which are used as a foundation for the Annual Performance Plan are: 1) Assure that entities operate scales that are correct within current requirements, and 2) Investigate weighing practices to assure accurate weights. The Primary Goal is to have accurate weights in subject transactions.

7. Inter-Agency Cooperation - Food Safety: The Agency is continuing to work with other Federal agencies in a cooperative effort to control the marketing of livestock treated with antibiotics and sulfa drugs. The Agency participates in monthly meetings of an Interagency Residue Control Group, along with representatives of the Food and Drug Administration and Food Safety and Inspection Service to foster and maintain cooperation on this important issue.
8. Poultry: Well over 90 percent of all poultry produced in the country are raised under

some form of growing arrangement. Packers and Stockyards will increase its activities to ensure that contracted poultry growers are treated fairly and in a nondiscriminatory manner.

9. Care and Handling of Livestock: Under the provisions of the P&S Act, the Agency has jurisdiction over the marketing of livestock at stockyards. If it is found that the care and handling of livestock at a stockyard is in any way unjust, unreasonable, or discriminatory, then rules, regulations, and practices can be prescribed for the handling of such livestock to the extent necessary to protect the quality and value of the animal. The Agency already has adopted a regulation which requires stockyard owners and packers to exercise reasonable care and promptness with respect to handling livestock to prevent shrinkage, injury, death, or other avoidable loss. The Agency also has a surveillance program to review the handling practices, services, and facilities at stockyards.

SELECTED EXAMPLES OF RECENT PROGRESS:

1. Payment Protection:

During fiscal year 1994, the Agency conducted 64 on-site audits which determined that 30 dealers and market agencies were insolvent. Another 221 dealers and market agencies were found to be insolvent through analysis of annual and special reports. A total of 183 of these insolvent dealers and market agencies improved their working capital by \$10.7 million after being placed on notice of the deficiency.

2. Poultry Growers Protected: During fiscal year 1994, Agency personnel met with numerous State and local poultry growers associations to explain the various provisions of the Packers and Stockyards Act that provide protection to poultry growers. In addition, the Agency has initiated a review program to extensively examine the records of poultry integrators to assure compliance with the trade practice provisions of the Act. These increased activities by the Agency involving contractual growing of poultry have resulted in several formal investigative reports being referred to OGC for corrective disciplinary action.
3. Carcass Merit Purchasing: During fiscal year 1994, the Agency refined its review procedures to monitor the use of electronic evaluation devices used by hog slaughterers to purchase hogs on a carcass merit basis. The program ensures the electronic measuring is accurate, properly applied, and the producer receives an accurate accounting of the sale. After one year of Agency surveillance of the use of electronic evaluation devices, the accuracy of the application of the devices has increased from 89.7% to 96.9%.
4. Custodial Accounts: During fiscal year 1994, compliance audits were conducted on 563 custodial accounts which disclosed that 157 markets had shortages totaling \$5.4 million in their custodial accounts. As a result of the audit program, 110 markets restored \$3.8 million. Follow-up investigations continue of those markets not correcting shortages.
5. Packer Trust: Since the 1976 amendments to the P&S Act, cash sellers of livestock have been paid \$46.9 million under the statutory trust provision. During fiscal year 1994, 11 packer firms paid out \$2 million. Ten packer trust investigations were conducted during fiscal year 1994.
6. Live Poultry Trust: A statutory trust provision offering protection to live poultry growers

and sellers became effective in February of 1988. Since then, the Agency has investigated 28 poultry failures, with 17 resulting in payments totalling \$6,140,157.

7. Clear Title: During fiscal year 1986 regulations were issued to implement Section 1324 of the Food Security Act of 1985 covering "central filing systems" established by States for prenotification of security interests against farm products. As of October 31, 1994, 19 States applied for and received certification of their central filing systems.
8. Financial Fraud: A temporary restraining order and preliminary injunction was obtained against one livestock market in Kansas for alleged misuse of custodial account trust funds and failing to pay for livestock purchases.
9. Frauds in Livestock Marketing: Violations of the P&SA involving an undisclosed arbitrary increase in weights and prices is a recurring problem in livestock marketing transactions. During fiscal year 1994, 7 administrative orders were issued against firms or individuals for arbitrarily increasing weights and/or prices on livestock sold to customers. The respondents were ordered to cease and desist from such practices and assessed civil penalties totaling \$117,850.
10. Commercial Bribery: Several merchandising investigations were conducted nationwide during fiscal year 1994 which included reviewing records for bribery. No formal actions were taken.
11. Scales and Weighing Activities: The Agency conducted 551 weighing investigations in fiscal year 1994. About 10 percent of the investigations disclosed false weighing. More than 17,300 head of livestock were checkweighed by agency personnel in these investigations.

The Agency conducted two training schools for State and local weights and measures officials from two States and the Navajo Nation. A total of 34 State and Agency personnel attended these schools conducted as part of the National Training Program. Since the inception of this National Training Program in 1988, the Agency has conducted 17 training schools for 265 officials from 30 States and the Navajo Nation. More of these schools are planned for fiscal year 1995 and beyond.

Two investigations resulted in formal action being taken against one individual and a corporation for fraudulent weighing activities. These cases resulted in cease and desist orders, a 90 day suspension, and civil penalties totaling \$10,000.

The Agency continues to have representation on the National Type Evaluation Program (NTEP) of the National Conference on Weights & Measures (NCWM) and the National Institute of Standards & Technology (NIST). This committee develops and maintains national standards for weighing devices.

12. Packer Bonding: All packers purchasing in excess of \$500,000 worth of livestock annually must be bonded.

Packer Bonding Activity

Value of bonds (\$ in millions)	311.9
Number of packers bonded 9/30/94	482
Number of packer bonds called on in fiscal year 1994	9
Value of packer bonds called on (\$ in millions)	50

During fiscal year 1994, two percent of the packer bonds had claims filed for nonpayment of livestock. The value of bonds called on represents 16 percent of the total bond coverage value, similar to the recovery rate since fiscal year 1984. This low rate of use is primarily due to the success of the statutory trust provision in protecting the dealers' assets.

13. Registration: The Act and Regulations require that each market agency and dealer operating in commerce be registered. To comply, a firm must file an application simultaneously with a surety bond or its equivalent.

Registration/Bonding Activity

Market agencies/dealers registered and bonded	7,308
Value of registrants' bonds (\$ in millions)	268.6
Packer buyers - registered only	2,215

During fiscal year 1994, 300 claimants were paid \$2.3 million from bond proceeds of dealers and market agencies who failed financially.

14. Care and Handling of Livestock: The Agency is continuing its program to investigate stockyard handling practices and procedures to assure livestock are being handled and cared for properly. During fiscal year 1994, the Agency conducted 249 reviews regarding animal care and handling practices and settled one administrative complaint against a Tennessee stockyard for its alleged failure to promptly care for or dispose of a downed animal. The Agency is also working on proposed guidelines for the proper care and handling of livestock under the provisions of the Packers and Stockyards Act.
15. Captive Supplies Examined: Livestock producers have expressed concerns that captive supplies may reduce prices paid for fed steers and heifers. Captive supplies are cattle that packers own or contract to purchase before the animals are ready for slaughter. The Agency has contracted for a study of the role of captive supplies in beef packing to be conducted in fiscal years 1994, 1995, and 1996.
16. Reparations: During fiscal year 1994, 13 reparation complaints were docketed seeking reparation awards in the amount of \$368,584 from respondents. Thirteen dockets were closed in fiscal year 1994, with orders for reparation awards issued in 8 dockets in the amount of \$199,004.
17. Packer Concentration Study: Significant changes are occurring in the structure of the meat packing industry. Congress appropriated \$500,000 to the Agency in fiscal year 1992 to study concentration in the red meat packing industry. The project will increase the Agency's understanding of concentration and structural change in the livestock and meat industries, and assist in the Agency's enforcement activities. It also will strengthen the Agency's database and analytical capability to examine the competitive implications of structural changes. Research topics include: A determination of regional cattle procurement markets; an examination of the effects of concentration on prices paid for slaughter cattle; an examination of how cattle prices are determined; an assessment of the role of captive supplies in beef packing; an examination of the implications of vertical coordination in hog production; an evaluation of hog procurement in the Eastern Corn Belt; and a literature review of the meat

packing industry.

Six contracts totaling \$491,861 were awarded in 1992. During fiscal year 1993, the Agency identified data needs, obtained OMB approval and began collecting the large amount of sensitive data needed for the study. Major data collection efforts continued through 1994. Contractors' completed three draft reports in 1994. Analyses will continue in 1995 and final summary reports and contractors' reports are scheduled for completion during the calendar year.

GRAIN INSPECTION,PACKERS AND STOCKYARDS ADMINISTRATION

(New language is underscored; deleted matter is enclosed in brackets.)

Limitation on Inspection and Weighing Services Expenses

Not to exceed \$42,784,000 (from fees collected) shall be obligated during the current fiscal year for Inspection and Weighing Services: Provided, That if grain export activities require additional supervision and oversight, or other uncontrollable factors occur, this limitation may be exceeded by up to 10 per centum with notification to the Appropriations Committees.

Changes. There are no proposed changes to the language or revisions to the user fee amount.

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATIONINSPECTION AND WEIGHING SERVICES

Obligations, 1995	\$42,784,000
Budget Estimate, 1996	<u>42,784,000</u>
Change in Obligations	<u>0</u>

LIMITATION ON INSPECTION AND WEIGHING EXPENSES

Appropriation Act, 1995	\$42,784,000
Change in Limitation	<u>0</u>
Budget Estimates, 1996	<u>42,784,000</u>

PROJECT STATEMENT

Project	: 1994 Actual	: 1995 Estimated	: Increase	: 1996 Estimated
	: Staff-	: Staff-	: or	: Staff
	: Amount	: Amount	: Decrease	: Amount
	: Years	: Years	: Years	: Years
Insp. & Weigh. :	:	:	:	:
Activities....:	\$33,339,019: 533	\$42,784,000: 532	- -	\$42,784,000: 532
Unobligated :	:	:	:	:
balance avail. :	:	:	:	:
start of period:-10,155,032:	- -	-8,274,451: - -	- -	-8,274,451: - -
Unobligated :	:	:	:	:
balance avail. :	:	:	:	:
end of period...:	8,274,451: - -	8,274,451: - -	- -	8,274,451: - -
Collections:	31,458,438: 533	42,784,000: 532	- -	42,784,000: 532

Grain Inspection, Packers and Stockyards Administration
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1994 and Estimated 1995 and 1996
INSPECTION & WEIGHING

	<u>FY 1994</u>		<u>FY 1995</u>		<u>FY 1996</u>	
	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>
Arkansas	\$1,824,927	29	\$2,342,000	29	\$2,355,000	29
California	64,714	1	83,000	1	83,000	1
District of Columbia .	6,792,854	108	8,717,000	108	8,765,000	109
Georgia	97,226	2	125,000	2	126,000	2
Idaho	231,987	4	298,000	4	300,000	4
Illinois	464,771	7	596,000	7	0	0
Indiana	1,392	1	0	0	0	0
Iowa	251,104	4	322,000	4	951,000	12
Kansas	433,131	7	556,000	7	712,000	9
Louisiana	10,100,540	162	12,961,000	162	13,091,000	164
Maryland	1,933,000	31	2,481,000	31	2,495,000	31
Minnesota	494,982	8	635,000	8	638,000	8
Missouri	647,765	10	831,000	10	1,193,000	14
Nebraska	383,236	7	492,000	7	0	0
North Dakota	267,034	4	343,000	4	345,000	4
Ohio	1,317,451	21	1,693,000	21	1,702,000	21
Oregon	3,040,461	49	3,902,000	49	3,923,000	49
Texas	4,589,829	73	5,890,000	73	5,819,000	72
Washington	131,350	2	169,000	2	170,000	2
Subtotal, Available or Estimate	33,067,754	530	42,436,000	529	42,668,000	531
Canada	271,265	3	348,000	3	116,000	1
Total, Available or Estimate	33,339,019	533	42,784,000	532	42,784,000	532

Inspection and Weighing Services:

Current activities, progress, and programs for inspection and weighing functions are outlined below:

Current Activities. The U.S. Grain Standards Act requires, with minor exceptions, that all grain exported by grade must be officially inspected and weighed. The Agency's employees and licensed employees of delegated State agencies perform original inspection and weighing services at export port locations in the United States and Canada. Grain which is not being exported may be inspected at interior locations, upon request, by licensed employees of designated State and private agencies. The Agency's employees, upon request, perform domestic original inspection and weighing services on grain, oilseeds, pulses, rice, and related grain commodities. The Agency's employees supervise and provide oversight for inspectors performing official services.

The official grain inspection and weighing system -- a unique mix of Federal, State, and private inspection agencies -- serves the industry by providing over 2.2 million inspections annually. In 1994, this figure reached 2.5 million, representing an estimated 221 million metric tons of grains and oilseeds.

The Agency will continue to develop new inspection and weighing services while seeking additional ways of reducing costs.

Selected Examples of Recent Progress: (Inspection and Weighing)

1. Prohibition of Adding Water to Grain.

On October 14, 1994, the Agency published a final rule prohibiting the application of water to grain, except for milling, malting, or other processing operations. The prohibition, which will become effective on February 11, 1995, applies to all grain handlers, not just those receiving official inspection and weighing services.

2. Corn Gluten Feed.

In August 1994, the Agency began testing corn gluten feed for starch, fat, protein, and moisture content. Corn gluten feed is a medium-protein, medium-energy ingredient used widely in complete feeds or concentrates for dairy and beef cattle, poultry, and swine. The product, usually presented in the form of pellets, has become a major agricultural export of the United States. A new Memorandum of Understanding between the United States and the European Union specifies that corn gluten feed imported from the United States must conform with specific starch (28.0 percent), fat (4.5 percent), and protein (40.0 percent) limits. In addition, the Agency reports the actual moisture content of each lot. The Agency's quality certification will facilitate the export of this commodity to European buyers.

3. Pesticide Residue Testing.

On October 19, 1994, the Agency established a pesticide residue testing service. Upon request, pesticide residue testing is performed at the Agency's Technical Center in Kansas City, Missouri. The service is provided using gas chromatography/mass spectrometry for 29 routine compounds found in wheat and special compounds found in other grains. There are three types of pesticide residue testing services available: (1) official sample-lot, (2) submitted sample, and (3) warehouse sample-lot. All grains are tested on the basis of the sample as a whole.

Shiplots and combined lots are tested on a composite sample, and services are available on a subplot basis upon request. Fees for residue testing for routine compounds is \$200 for each sample (regular workday) and \$300 for each sample (nonregular workday). Fees for testing of additional residues are based on an hourly fee of \$100 per hour (regular workday) and \$150 per hour (nonregular workday).

4. Development of Generic Grain Certificate.

Based on industry inquiries, during FY 1994, the Agency began developing a generic sample-lot inspection certificate to better meet the informational needs of the Agency, inspection agencies, and customers of U.S. grain. The basic design can be modified for export or domestic use as a combined inspection and weighing certificate, stowage examination certificate, or divided lot certificate. In FY 1995, the Agency will continue to develop automated certificate completion and data collection programs for this generic certificate.

5. Field Automation.

In FY 1994, the Agency continued its efforts to integrate modern technology into official field inspection and weighing services. Major export elevators continue to integrate automation into the official weighing and inspection programs. Two fully automated weighing supervision systems have been approved, four systems are being installed, and the Agency continues to receive inquiries from other elevators regarding automation initiatives. To increase the Agency's technical resources, the Agency hired an agricultural engineer to oversee future automation efforts.

The Agency is continuing to develop software to automate the export inspection statistical shiploading plan (better known as Cu-Sum). The new system will improve accuracy and efficiency by minimizing manual data collection and calculations, and will permit direct data sharing with customers and remote Agency offices.

The Agency completed significant automation upgrades in its field offices during FY 1994. An automated system for customer billing that quickly and accurately transmits accounts receivable information to the National Finance Center was installed at all Agency field offices. In addition, an automated system was installed to prepare official inspection certificates, a key document merchandisers use when buying and selling grain.

NATURAL RESOURCES CONSERVATION SERVICE

Explanatory Statement

The Natural Resources Conservation Service (NRCS) was established pursuant to Public Law 103-354, the Department of Agriculture Reorganization Act of 1994, (7 U.S.C. 6962). The NRCS combines the authorities of the former Soil Conservation Service as well as five natural resource conservation cost-share programs previously administered by other USDA agencies. The mission of the NRCS is to work on the nation's private lands to conserve, improve, and sustain natural resources. NRCS provides technical assistance through local conservation districts on a voluntary basis to landusers, communities, watershed groups, Federal and State agencies, and other cooperators. The agency's work focuses on erosion reduction, water quality improvement, wetland restoration and protection, fish and wildlife habitat improvement, range management, stream restoration, water management, and other natural resource problems. The NRCS staff at the local level works alongside state and local conservation staff and volunteers in a unique partnership to address natural resource protection and development needs. Benefits from these activities are multi-faceted, including not only on-site benefits such as sustaining and improving agricultural productivity, but also other benefits such as cleaner, safer, and more dependable water supplies, reducing damages caused by floods and other natural disasters, and enhancing the natural resource base to support continuing economic development, recreation, and other purposes.

On December 7, 1994, after extensive public input, the NRCS unveiled a far reaching reinvention plan. In addition to the field office closings and consolidations previously announced by former Secretary Espy, the plan calls for major restructuring above the field office level. The reinvention plan: (1) increases the proportion of NRCS staff at the field office, customer service level; (2) delegates operational functions to the lowest level possible; (3) reduces headquarters operations by over 50%; (4) improves the ability of NRCS to address multi-state natural resource and program delivery issues; (5) moves technical support functions closer to where programs are carried out; and (6) reinvents and consolidates administrative and other support activities. This restructuring will provide a more effective and responsive NRCS, at less cost, allowing NRCS to maintain critical services even as staff and budget levels have been decreased.

The Natural Resources Conservation Service has general responsibility for administration of the following programs of the Department of Agriculture.

Conservation Operations is authorized by the Act of April 27, 1935, P.L. 74-46 (16 U.S.C. 590a-590f) and the Soil and Water Resources Conservation Act of 1977, (16 U.S.C. 2001-2009). Activities include:

1. Conservation technical assistance is provided to landusers, communities, units of state and local government, and other Federal agencies in the planning and implementing natural resource solutions to reduce erosion, improve soil and water quantity and quality, improve and conserve wetlands, enhance fish and wildlife habitat, improve air quality, improve pasture and range conditions, reduce upstream flooding, and improve woodlands. The purpose is to sustain agricultural productivity and protect and enhance the natural resource base. This assistance is based on voluntary local landowner cooperation and recognizes the value of educational, technical and financial assistance. The principles apply whether responding to individual needs or to nationally determined priorities. Assistance is also provided to implement the highly erodible land (HEL), wetland (swampbuster), Wetland Reserve Program (WRP) and Conservation Reserve Program (CRP) provisions of the 1985 Food Security Act as amended by the Food, Agriculture, Conservation and Trade Act of 1990 (16 U.S.C. 3801 et. seq.). NRCS technical field staff make HEL and wetland determinations and assist landusers to develop and implement conservation plans needed to ensure compliance with the law. The NRCS is also the designated lead Federal agency for delineating wetlands on agricultural lands for purposes of implementing both the provisions of the Food Security Act and Section 404 of the Clean Water Act. NRCS administers five cost share programs and also

provides technical assistance to individuals and groups participating in the Agricultural Conservation Program (ACP).

NRCS conducts and analyzes ongoing comprehensive inventories and assessments of the status and condition of America's natural resources on private lands. This information is used by USDA, other Federal agencies, state and local governments, and other organizations to support agricultural and conservation policy development and program evaluation.

2. Soil Surveys provide the public with local information on the uses and capabilities of their soil resource. Soil surveys are based on scientific analysis and classification of the soils, and are used to determine land capabilities and conservation treatment needs. The published soil survey for a county or designated area includes maps and interpretations with explanatory information that is the foundation of resource policy, planning and decisionmaking for Federal, State, county, and local community programs. The surveys are conducted cooperatively with other Federal agencies, land grant universities, State agencies, and local units of government. NRCS is the leader in soil classification and soil mapping, and is now expanding into soil quality.

3. Snow survey and water supply forecasts provide western states and Alaska with vital information on future water supplies. NRCS field staff collect data from more than 1,200 remote high mountain sites. The data is assembled, analyzed, and water yield forecasts are then made. The resulting information provides estimates of annual water availability, spring runoff and summer stream flows. Water supply forecasts are used by individuals, organizations, and state and Federal agencies for decisions relating to agricultural production, fish and wildlife management, municipal and industrial water supply, urban development, flood control, recreation power generation, and water quality management. The forecasts are also provided to the National Weather Service which includes them in their river forecasting function.

4. Plant Material Centers assemble, test, and encourage increased plant propagation and usefulness of plant species for biomass production, carbon sequestration, erosion reduction, wetland restoration, water quality improvement, streambank and riparian area protection, coastal dune stabilization, and to meet other special conservation treatment needs. The work at the 26 centers is carried out cooperatively with state and Federal agencies, commercial businesses, and seed and nursery associations. After species are proven, they are released to the private sector for commercial production. In 1993 NRCS developed cultivars that were turned over to others to produce plant stock that generated \$211 million in revenue for private sector nurseries and seed companies. No other Federal agency or private sector entity is providing this type of operational service.

Wetlands Reserve Program. The Wetlands Reserve Program is authorized by Section 1237 of the Food Security Act of 1985, as added by Title XIV, Section 1438, of the 1990 FACT Act, and amended by the Omnibus Budget Reconciliation Act of 1993. The primary objectives of the program are to preserve and restore wetlands, improve wildlife habitat, and protect migratory waterfowl.

The Secretary of Agriculture uses program funds to enter into contracts with landowners that operate farmed or converted wetlands, farmed wetland or prior converted and adjoining land in CRP or riparian corridors. The contracts require participants to provide easements on accepted acres. Technical assistance is provided by the Natural Resources Conservation Service, Fish and Wildlife Service, and Extension Service.

Program participants will receive lump-sum payments for wetlands easements on completion of all wetland restoration practices, and payments for cost-share assistance for carrying out restoration measures and reimbursement of specified overhead costs associated with providing an acceptable easement to USDA. The fiscal year 1992 Appropriations Act (P.L. 102-142) provided initial funding for the program.

Watershed Planning. This activity is carried out under the Watershed and Flood Prevention Act, as amended, P.L. 83-566, August 4, 1954, (16 U.S.C. 1001-1008). The program consists of (a) making preliminary investigations to assess proposed small watershed projects in response to requests made by sponsoring local organizations and (b) providing assistance to sponsors in the development of watershed work plans which reflect their priorities and natural resource benefits. NRCS provides leadership to local communities in watershed planning.

Watershed and Flood Prevention Operations. Activities under this program include:

1. Watershed Operations authorized by P.L. 78-534

NRCS administers watershed works of improvement authorized by the Flood Control Act of 1944 (33 U.S.C. 701b-1).

Flood prevention operations include planning and installing works of improvement and land treatment measures for flood prevention, for the conservation, development, utilization, and disposal of water, and for the reduction of sedimentation and erosion damages. This may also include the development of recreational facilities and the improvement of fish and wildlife habitat. Activities are authorized in 11 specific flood prevention projects covering about 35 million acres in eleven states.

2. Emergency Operations authorized by Section 216, P.L. 81-516, (33 U.S.C. 701b-1) and Sections 403-405, P.L. 95-334, (16 U.S.C. 2203-2205).

The Emergency Watershed Protection (EWP) program provides assistance to reduce hazards to life and property in watersheds damaged by severe natural events. An emergency is considered to exist when a watershed is suddenly impaired by flood, fire, drought, or other natural causes which results in life and property being endangered by flooding, erosion, or sediment discharge. During the past eight years the program has been needed and used in an average of 26 states per year. Emergency work includes establishing quick vegetative cover on denuded land, sloping steep land, and eroding banks; opening dangerously restricted channels; repairing diversions and levees; and other emergency work. The emergency area need not be declared a national disaster area to be eligible for technical and financial assistance. Emergency watershed protection is applicable to small scale localized disasters as well as disasters of national magnitude. The NRCS provides technical and financial assistance for disaster cleanup and subsequent rebuilding; stream corridor, wetland and riparian area restoration; and urban planning and site location assistance to FEMA when relocating communities out of floodplains. Local people are generally employed on a short term basis to assist with disaster recovery.

3. Small Watersheds authorized by P.L. 83-566, as amended, (16 U.S.C. 1001-1008)

This program provides for cooperation with local sponsors, State, and other public agencies in the installation of planned works of improvement and land treatment measures in approved watershed projects. Small watershed projects protect, manage, improve, and develop the water and related land resources of a watershed up to 250,000 acres in size.

At the current time, the program is being refocused to solve more complex watershed environmental problems. Projects that no longer meet the local environmental concerns or local needs are being deleted from the backlog of projects. The program will continue to work through local sponsors and local people to identify local environmental problems, develop solutions and provided on-site technical and financial assistance. Most of the watershed projects will form partnerships with other Federal, State and local public agencies who can provide resource information, financial support and/or regulatory relief by allowing the voluntary approach through a watershed plan-of-action.

A project can include many purposes: Protect or improve soil quality, water quality and wetlands; conserve water; reduce sediment damages; provide flood prevention; improve agricultural water management-irrigation, provide rural, municipal and industrial water supply; protect ground-water quality and increase recharge; control of agriculture-related pollution; enhance recreation and fish and wildlife habitat development.

Watershed projects are based on (1) local initiative and responsibility, (2) federal technical, cost-sharing, and credit assistance, and (3) state review and approval of local proposals and opportunity for state financial and other assistance. They include a combination of land treatment, nonstructural, and structural measures to enhance environmental quality, maintain the resource base, and improve economic and social conditions in watersheds. There are currently about 600 small watershed projects underway throughout the country.

Colorado River Basin Salinity Control Program. This program is authorized by Section 202(c) of Title II of the Colorado River Basin Salinity Control Act, as amended (43 U.S.C. 1592(c)). The purpose of the program is to reduce salinity in the Colorado River and to improve water quality delivered to downstream users in the U.S. and Mexico by identifying salt source areas, developing plans, and implementing salinity control measures. Measures include improvement of on-farm irrigation water management, related laterals, and erosion management practices. The Federal Government provides financial and technical assistance to landowners to plan, install, and maintain needed soil and water conservation practices, including replacement of incidental fish and wildlife values; conducts research, demonstration, and education activities; and monitors and evaluates program effectiveness. The program provides for up to a 70-percent Federal cost-share rate with reimbursement of 30 percent of NRCS cost-share funds by the States (to be billed by USDI and paid by the States to Treasury), for an effective Federal cost-share level of approximately 49 percent. The program is authorized in the seven Colorado River Basin States, with current emphasis on projects in Colorado, Nevada, Utah, and Wyoming.

Forestry Incentives Program. This program is authorized by the Cooperative Forestry Assistance Act of 1978 (P.L. 95-313), as amended by Title XII of the FACT Act. Its objectives are to increase the Nation's production of sawtimber and pulpwood on nonindustrial, private forest lands; to decrease, over time, expected shortages and rising prices of timber; and to help ensure effective use of available forest lands. Program objectives are met by providing cost-share and technical assistance to landowners to encourage voluntary installation of forestry practices. The program shares up to 65 percent of the cost incurred by the landowner for tree planting and timberstand improvement.

Water Bank Program. This program is authorized by the Water Bank Act (P.L. 91-559), enacted December, 1970, as amended by P.L. 96-182, enacted January, 1980. Its objectives are to preserve and improve migratory waterfowl and wildlife-related resources; conserve surface water and reduce runoff, soil and wind erosion; improve flood control; contribute to improved soil moisture; enhance landscape aesthetics; and promote comprehensive water management planning. Ten-year agreements are entered into with landowners and operators in important migratory waterfowl nesting, breeding, and feeding areas for the conservation of specified wetlands.

The agreements are for 10-year periods with provision for renewal for additional periods. Rates are established based on prevailing local rental rates. Payment rates may be adjusted at the beginning of the fifth year of the agreements to reflect current land values.

River Basin Surveys and Investigations. This program is authorized by the Watershed and Flood Prevention Act, P.L. 83-566, Section 6, August 4, 1954, (16 U.S.C. 1006).

The program involves cooperation with other Federal, State, and local agencies in the conduct of river basin surveys and investigations, flood hazard analysis, and flood plain management assistance to aid in the development of coordinated water

resource programs, including the development of guiding principles and procedures. Cooperative river basin studies are made of agricultural, rural, and upstream water and land resources to identify resource problems and determine corrective actions needed. These surveys address a variety of natural resource concerns including water quality improvement, opportunities for water conservation, wetland and water storage capacity, agricultural drought problems, rural development, municipal and industrial water needs, upstream flood damages, and water needs for fish, wildlife, and forest-based industries. Flood plain management assistance includes the identification of flood hazards and the location and use of wetlands. NRCS represents the Department on river basin regional entities and River Basin Interagency Committees for coordination among Federal Departments and States.

Great Plains Conservation Program. This program is authorized by P.L. 84-1021, as amended, (16 U.S.C. 590p (b)). The program's objective is to bring about a long-term solution to natural resource problems in the 10 states comprising the Great Plains region. NRCS helps farmers, ranchers and others plan and implement conservation plans through a program of scheduled technical assistance and long term contractual cost sharing to bring improved economic and social stability to the Great Plains area. This is accomplished by accelerating the conservation of cropland not suited for continuous cropping to less intensive uses; preventing deterioration of cropland and rangeland; enhancing fish, wildlife, and recreation resources; and promoting better land management. Farmers and ranchers participating in the program contribute nearly 60 percent of the total installation costs.

The GPCP is a special program targeted to total conservation treatment of entire farm or ranch units with the most severe soil and water resource problems. Program participation is voluntary and is carried out by applying a conservation plan on the entire operating unit. This plan is the basis for a long-term contract between the participant and NRCS. GPCP has been effective in addressing the needs of small and limited resource farmers and providing assistance to Native Americans. In addition to providing significant erosion and sediment reduction benefits, the program addresses water quality problems and provides wildlife and other environmental benefits.

Resource Conservation and Development Program. Section 102 of the Flood and Agriculture Act of 1962 (P.L. 87-703), (7 U.S.C. 1010-1011) and Sections 1528-1538 of the Agriculture and Food Act of 1981 (P.L. 97-98) is a program initiated and directed at the local level by volunteers. The program is a regional one that encompasses multiple communities, various units of government, municipalities, and grassroots organizations. The program serves as a catalyst for these civic oriented groups to share knowledge and resources in a collective attempt to solve common problems facing their region. The RC&D program offers aid in balancing environmental, economic, and social needs of an area. Assistance is obtained from the private sector, corporations, foundations, and all levels of government.

This combination of local leadership and coordination of state and federal resources is an efficient and effective way for communities to cooperatively support and achieve local goals. In FY 1994, RC&D areas completed 1,984 projects and donated 415,000 hours of time. Every dollar of NRCS Federal technical and financial assistance devoted to local projects was matched by \$13 from other sources. There are currently 277 authorized RC&D areas involving 2,016 counties across the country.

Agricultural Resource Conservation Demonstration Program. The Farms for the Future Act of 1990 (Section 1465 of P.L. 101-624) as amended, by Section 203 of P.L. 102-237, the Food, Agriculture, Conservation, and Trade Act Amendments of 1991 provided for the issuance of loan guarantees and interest assistance on loans made to states. The purpose of the program is to promote National farmland protection efforts in order to preserve vital farmland for future generations.

Loans may be used to purchase agricultural land, purchase development rights, or re-invested to generate earnings for future farmland protection efforts. Vermont is the only State in which the program operates. The program was not funded in FY 1995 and authorization for the program ends September 30, 1996.

Program Administration. The Natural Resources Conservation Service maintains its central office in Washington, D.C. In FY 1994, most of its activities were carried out in about 3,050 field offices in the 50 States, Puerto Rico, and the Pacific Basin Area serving Guam, the Northern Mariana Islands, and American Samoa. Four technical service centers provide program coordination and technical support. This includes services such as engineering, watershed planning, cartographic work, soil mechanics laboratories, information, professional help in agronomy, soils, biology, forestry, plant materials, range conservation, and other technical work. As of September 30, 1994, there were 11,420 full-time employees and 1,887 part-time, intermittent, and other employees. Of these, 415 full-time employees and 36 other employees were located in Headquarters, Washington, D.C.

A major goal of the Administration is to reinvent government to work better and cost less, while cutting waste and reducing bureaucracy. NRCS is undergoing a major reorganization for the purpose of creating a more logical and cost-effective structure. Before developing its reorganization plan, NRCS gathered information from its employees, customers, partners, and others. The agency conducted 351 field forums and received more than 26,000 survey responses. The approved streamlining plan for NRCS calls for a greater proportion of program resources to be shifted into the field where direct support can be given to the customer. NRCS will cut headquarters full-time staff by over fifty percent, reduce state office staff by almost one-third, consolidate administrative functions, and carry out other streamlining efforts nationwide. At the same time these reductions occur, there will be a proportional increase of staff providing customer service at the field level.

OIG Reports

10099-11-KC	03/93	Status Review Process for Conservation Plans
10099-14-KC	03/94	Alternate Conservation Systems
03099-162-KC	Renumbered	Wetlands Provisions of Food Security Act
50600-2-KC	02/93	Wetlands Provisions of Food Security Act
50600-3-KC	Completed	Conservation Compliance Reviews
Unnumbered	Ongoing	Wetland Inventory
Unnumbered	Ongoing	Plant Materials Centers
Unnumbered	Ongoing	Wetlands Compliance
Unnumbered	Ongoing	FY 1994 USDA Financial Statements
Unnumbered	Ongoing	USDA Management Decision and Final Action Activities

GAO Reports

150534	01/31/95	Impact of Agriculture on Environment
150538	03/95	Watershed Management Case Studies
150539	03/15/95	Report Card on Implementation of the Farm Bill's Conversion Title
150541	TBD	Environmental Questions for the 1995 Farm Bill
150818	01/10/95	Activities to Restructure/Streamline USDA
150816	12/94	Review of Administration of User Fees for USDA Services Provided to Other Non-Federal Entities
510910	TBD	Review of Major Information Resources Management Issues Facing USDA
140886	01/30/95	Survey of the 1993 Midwest Flood
511375	05/17/95	Survey of USDA Telecommunications
B-257452	9/27/94	SCS Making Good Progress, but Cultural Issues Need Attention

NATURAL RESOURCES CONSERVATION SERVICE

PERFORMANCE INDICATORS

	FY 1994 <u>Actual</u>	FY 1995 <u>Estimate</u>	FY 1996 <u>Estimate</u>
<u>Conservation Operations:</u>			
Decisionmakers receiving technical services (000's).....	1,067	1,000	1,120
Acres treated through conservation technical assistance (000's).....	65,083	61,000	68,000
Tons of soil erosion reduced (000's)....	244,414	230,000	250,000
Acres mapped annually by the NRCS			
Soil Survey (millions).....	25.4	22.2	22.2
Soil surveys ready for publication (no.)	53	55	55
<u>Wetland Reserve Program:</u>			
Acres enrolled annually.....	75,000	118,823	300,000
Cumulative acres enrolled.....	109,064	227,887	227,887
<u>Watershed Planning:</u>			
Applications for planning assistance:			
On hand.....	278	285	290
Status of planning:			
Approved for planning during year.....	33	30	0
Locally implemented.....	(7)	(10)	(0)
Federally implemented.....	(26)	(20)	(0)
Planning completed during year.....	25	20	15
Locally implemented.....	(3)	(15)	(5)
Federally implemented.....	(22)	(5)	(10)
Planning in process.....	94	104	89
Locally implemented.....	(19)	(14)	(9)
Federally implemented.....	(75)	(90)	(80)
Status of projects in operations:			
Active projects.....	587	250	738
Approved for operations during year.	22	5	10
<u>Watershed and Flood Prevention Operations:</u>			
<u>Subwatersheds Status, P.L. 534:</u>			
Projects receiving land treatment.....	52	52	--
Structural projects.....	67	67	--
Subtotal active subwatersheds.....	119	119	--
Projects continuing post-instal assist..	190	190	--
Inactive projects.....	9	9	96
Total operational subwatersheds.....	318	318	--
Unserviced applications.....	86	86	--
Planning in process.....	24	24	--
Total subwatersheds.....	428	428	96
<u>Status of Operational Projects, P.L. 566:</u>			
Projects receiving land treatment.....	182	90	254
Structural projects.....	346	100	407
Land treatment and structural.....	59	60	77
Subtotal active projects.....	587	250	738
Projects continuing post-instal assist..	798	800	922
Inactive projects.....	20	344	24
Deauthorized projects.....	144	160	144
Total operational projects.....	1,549	1,554	1,828
New projects approved during year.....	22	5	10

	FY 1994 <u>Actual</u>	FY 1995 <u>Estimate</u>	FY 1996 <u>Estimate</u>
<u>Colorado River Basin Salinity Control Prog.:</u>			
Ongoing salinity control projects.....	8	5	5
Number of contracts signed annually.....	286	30	15
<u>Forestry Incentives Program:</u>			
Acres of tree planting.....	167,300	84,000	81,600
Acres of timberstand improvement.....	33,700	16,900	16,400
<u>Water Bank Program:</u>			
Number of agreements signed annually....	630	540	--
Cumulative number of active agreements..	6,667	6,667	6,127
Acres included in active agreements.....	755,055	755,055	691,782
<u>River Basin Surveys and Investigations:</u>			
USDA Cooperative Studies:			
(1) Surveys in progress, start of year	90	114	130
(2) Surveys initiated during year.....	54	46	40
(3) Surveys worked during year.....	114	160	170
(4) Surveys completed during year... .	30	30	50
(5) Surveys in progress, end of year..	114	130	120
Flood Plain Management Assist. Program:			
(1) States involved.....	16	16	16
(2) Completed studies.....	20	20	25
(3) Ongoing studies.....	78	75	50
(4) Cumulative total completed.....	616	636	661
<u>Great Plains Conservation Program:</u>			
Active Contracts - beginning of year....	6,761	7,419	6,799
New Contracts signed.....Annual	1,166	380	100
Cumulative	71,774	72,154	72,254
Contracts Completed & Terminated..Annual	-508	-1,000	-1,000
Cumulative	64,227	65,227	66,227
Active Contracts - end of year.....	<u>7,419</u>	<u>6,799</u>	<u>5,899</u>
Active applications on hand start of year	2,599	2,281	2,000
Active applications on hand end year....	2,281	2,000	1,800
Number of participants serviced...Annual	7,927	7,799	6,899
Acres in new contracts (1,000)....Annual	3,050	1,117	294
Acres treated (1,000)Cumulative	156,990	158,107	158,401
<u>Resource Conservation and Development:</u>			
<u>Status of Authorized RC&D Areas:</u>			
Areas authorized start of year.....	250	275	285
Areas Deauthorized in year.....	--	--	--
New areas authorized in year.....	25	10	--
Areas authorized end of year.....	275	285	285
Applications on hand.....	(60)	(70)	(100)
<u>RC&D Project Activity:</u>			
Project Plans:			
Adopted: During year.....	2,712	2,750	2,750
Cumulative.....	49,196	51,946	54,696
Written: During year.....	675	1,040	1,040
Cumulative.....	34,476	35,516	36,656
Projects Underway:			
In Construction: During year.....	1,650	1,653	1,653
Completed: During year.....	1,984	2,050	2,050
Cumulative.....	32,425	34,475	36,525

	FY 1994 <u>Actual</u>	FY 1995 <u>Estimate</u>	FY 1996 <u>Estimate</u>
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Input Resources to Projects (\$ in 1,000's)

(Resources provided for accomplishing completed projects. Includes direct technical and financial assistance attributable to a project.)

RC&D resources During year.....	\$ 7,594	\$ 4,100	\$ 4,100
Other federal During year.....	\$27,544	\$18,200	\$18,200
State government During year.....	\$26,890	\$13,500	\$13,500
Local government During year.....	\$16,638	\$ 7,300	\$ 7,300
Non-government During year.....	\$28,408	\$17,700	\$17,700
Ratio of RC&D funds to other funding:			
During year.....	1:13	1:14	1:14

Natural Resources Conservation Service
Available Funds and Staff-Years
1994 and Estimated, 1995 and 1996

ITEM	1994 Actual		1995 Estimated		1996 Estimated	
	Amount 1/	Staff: Years	Amount	Staff: Years	Amount	Staff: Years
Natural Resources Conservation Service:						
Conservation Operations	\$603,646,041	9,595	\$603,408,320	9,314	\$645,735,000	9,789
Wetland Reserve Program	64,042,504	--	83,177,000	--	210,000,000	--
Watershed Planning.....	10,921,000	163	10,546,000	156	7,542,000	106
Watershed and Flood Prevention Operations.	586,307,000	1,889	70,000,000	1,544	100,000,000	951
Colorado River Basin Salinity Control Prog.	8,520,013	--	600,000	--	2,681,000	--
Forestry Incentives....	12,820,000	--	6,625,000	--	6,625,000	--
Water Bank Program.....	7,486,109	--	889,800	--	--	--
River Basin Surveys and Investigations.....	13,482,000	181	12,970,000	171	11,210,000	142
Great Plains Conservation Program.....	25,658,000	161	15,172,000	156	11,000,000	152
Resource Conservation and Development	32,945,000	507	32,845,000	476	28,900,000	441
Agricultural Resource Conservation Demonstration Program.....	3,599,000	--	--	--	--	--
Total.....	1,369,426,667	12,496	836,233,120	11,817	1,023,693,000	11,581
Deduct allotments to other agencies:						
FS.....	-5,266,961	-39	-2,556,200	-16	-2,382,000	-14
CFSA.....	-312,500	-9	-60,000	-2	-312,500	-9
Net.....	1,363,847,206	12,448	833,616,920	11,799	1,020,998,500	11,558
Obligations under other USDA appropriations:						
Reimbursements for technical services to:						
Agricultural Conservation Program (CFSA)..	9,467,277	218	5,000,000	62	2,500,000	30
Rural Clean Water Program (CFSA).	--	--	--	--	--	--
Emergency Conservation Program (CFSA).....	2,168,785	38	2,200,000	38	300,000	5
Conservation Reserve Program 2/.....	3,635,730	84	20,092,000	245	27,588,000	385
Foreign Details and Assignments (FAS)....	690,906	10	691,000	10	691,000	10
Soil Survey (FS).....	224,658	4	225,000	4	225,000	4
Accelerate Soil Survey	661,246	10	661,000	10	661,000	10
Snow Survey and Water Forecasting.....	--	--	--	--	--	--
Other: planning and application.....	448,457	5	448,000	5	448,000	5
Hazardous Waste Mgmt..	59,509	--	41,785	--	--	--
Program Survey-RBSI...	30,500	--	31,000	--	31,000	--
Financial Assistance..	24,346	--	--	--	--	--
Cartographic job work.	12,994	--	--	--	--	--
Reimbursement for other services for:						
Facilities: Rent,						
phone, utilities, etc	6,510,451	--	6,511,000	--	6,511,000	--

Available Funds and Staff-Years 1994 and Estimated, 1995 and 1996 - Continued

ITEM	1994 Actual		1995 Estimated		1996 Estimated	
	Amount	Staff: Years	Amount	Staff: Years	Amount	Staff: Years
Proceeds of sales.....	145,605:	--:	112,000:	--:	113,000:	--
Miscellaneous.....	2,276,621:	18:	13,479,000:	138:	3,879,000:	46
Total, Other USDA Appropriations...	26,357,085:	387:	49,491,785:	512:	42,947,000:	495
Total, Agriculture Appropriations...	1,390,204,291:	12,835:	883,108,705:	12,311:	1,063,945,500:	12,053
Obligations under other	:	:	:	:	:	:
Federal appropriations:	:	:	:	:	:	:
Reimbursement for technical services for:	:	:	:	:	:	:
Soil surveys(Interior)	509,512:	8:	510,000:	8:	510,000:	8
Accelerate Soil Survey	913,355:	17:	913,000:	17:	913,000:	17
Other: planning and application.....	4,865,616:	79:	3,419,000:	55:	3,419,000:	55
Snow Survey and Water Forecasting.....	35,855:	--:	36,000:	--:	36,000:	--
Plant Materials Center Operations.....	41,660:	--:	53,000:	1:	53,000:	1
Cooperative surveys-RB	45,196:	1:	59,000:	1:	59,000:	1
Flood Insurance Studies (HUD).....	183,563:	4:	210,000:	5:	210,000:	5
Cartographic job work.	7,685:	--:	--:	--:	--:	--
Reimbursement for other services for:	:	:	:	:	:	:
Facilities: Rent, phone, utilities, etc	26,570:	--:	37,000:	--:	37,000:	--
Proceeds of sales.....	5,479:	--:	10,000:	--:	10,000:	--
Financial assistance..	10,108,173:	--:	1,122,000:	--:	1,122,000:	--
Miscellaneous.....	7,376,738:	88:	12,220,000:	88:	12,220,000:	88
Allocation from Other	:	:	:	:	:	:
Federal Agencies:	:	:	:	:	:	:
Rural Abandoned Mine Program (DOI-OSM)....	13,225,023:	78:	8,006,900:	68:	--:	--
Obligations under non-Federal Funds:	:	:	:	:	:	:
Reimbursement for technical service for:	:	:	:	:	:	:
Planning & application	2,932,106:	67:	3,085,600:	70:	3,086,000:	70
Accelerate Soil Survey	2,293,256:	47:	2,304,700:	47:	2,304,700:	47
Snow Survey and Water Forecasting.....	87,035:	1:	87,000:	1:	87,000:	1
Plant Materials Center Operations.....	231,215:	--:	226,300:	--:	226,300:	--
Watershed Planning....	123,105:	3:	121,000:	2:	121,000:	2
Abandon Mine Program..	--:	--:	10,000:	--:	--:	--
Cartographic job work.	141,103:	--:	--:	--:	--:	--
A&E Contracting.....	202,988:	--:	--:	--:	--:	--
Salinity Control.....	80,000:	--:	--:	--:	--:	--
Reimbursement for other non-federal services for:	:	:	:	:	:	:
Facilities: Rent, phone, utilities, etc	1,109,689:	--:	1,109,700:	--:	1,109,000:	--
Proceeds of sales.....	624,909:	--:	541,000:	--:	542,000:	--

Available Funds and Staff-Years 1994 and Estimated, 1995 and 1996 - Continued

ITEM	1994 Actual		1995 Estimated		1996 Estimated	
	Amount	Staff: Years	Amount	Staff: Years	Amount	Staff: Years
Financial Assistance..	8,977,406:	--:	5,153,000:	--:	4,553,000:	--
Miscellaneous.....	5,598,261:	94:	6,187,700:	103:	6,186,000:	103
Trust funds:						
Small Watershed & RC&D projects and soil surveys.....	1,115,505:	5:	447,000:	7:	447,000:	6
Total Reimbursements and Other Funds...	87,218,088:	879:	95,360,685:	985:	80,199,000:	899
Total, Natural Resources Conservation Service..	\$1,451,065,294:	13,327:	\$928,977,605:	12,784:	\$1,101,197,500:	12,457

	1994 Actual	1995 Estimated	1996 Estimated
Full-Time Equivalent Staff-Years:			
Ceiling.....	13,327	12,784	12,457
Non-ceiling.....	89	25	25
Total.....	13,416	12,809	12,482

- 1/ Conservation Operations - Excludes \$8,595,854 carryover for FY 1994 and \$8,833,742 carryover for FY 1995.
Watershed and Flood Prevention Operations - Excludes \$82,513,646 carryover for FY 1994 and \$311,624,519 carryover for FY 1995.
Great Plains Conservation Program - Excludes \$228,430 carryover for FY 1994 and \$171,184 carryover for FY 1995.
Resource Conservation and Development - Excludes \$2,297,802 carryover for FY 1994 and \$1,308,626 carryover for FY 1995.
- 2/ Funding shows amounts actually used or anticipated.

UNITED STATES DEPARTMENT OF AGRICULTURE
NATURAL RESOURCES CONSERVATION SERVICE

Permanent Positions by Grade and Staff-Year Summary

1994 and Estimated 1995 and 1996

Grade	1994			1995			1996		
	Head- qtrs	Field	Total	Head- qtrs	Field	Total	Head- qtrs	Field	Total
ES-6.....	1:	0:	1:	2:	0:	2:	2:	0:	2
ES-5.....	7:	0:	7:	6:	0:	6:	5:	1:	6
ES-4.....	4:	1:	5:	4:	0:	4:	4:	0:	4
ES-3.....	0:	1:	1:	0:	2:	2:	0:	2:	2
ES-2.....	4:	2:	6:	4:	1:	5:	7:	5:	12
ES-1.....	8:	0:	8:	5:	4:	9:	2:	0:	2
SL.....	0:	1:	1:	0:	1:	1:	0:	1:	1
GS/GM-15.....	58:	53:	111:	56:	52:	108:	48:	51:	99
GS/GM-14.....	116:	149:	265:	112:	146:	258:	96:	143:	239
GS/GM-13.....	94:	569:	663:	91:	557:	648:	78:	545:	623
GS-12.....	52:	1,963:	2,015:	50:	1,922:	1,972:	43:	1,880:	1,923
GS-11.....	28:	3,377:	3,405:	27:	3,307:	3,334:	23:	3,234:	3,257
GS-10.....	7:	13:	20:	7:	13:	20:	6:	13:	19
GS-9.....	23:	1,702:	1,725:	23:	1,662:	1,685:	21:	1,620:	1,641
GS-8.....	10:	351:	361:	10:	344:	354:	9:	336:	345
GS-7.....	42:	1,488:	1,530:	41:	1,457:	1,498:	35:	1,425:	1,460
GS-6.....	39:	712:	751:	38:	697:	735:	33:	682:	715
GS-5.....	13:	696:	709:	13:	682:	695:	11:	667:	678
GS-4.....	11:	365:	376:	11:	357:	368:	9:	349:	358
GS-3.....	2:	90:	92:	2:	88:	90:	2:	86:	88
GS-2.....	1:	15:	16:	1:	15:	16:	1:	15:	16
GS-1.....	1:	5:	6:	1:	5:	6:	1:	5:	6
Other Graded Positions.....	7:	0:	7:	7:	0:	7:	7:	0:	7
Ungraded Positions	0:	32:	32:	0:	32:	32:	0:	32:	32
Total Permanent Positions.....	528:	11,585:	12,113:	511:	11,344:	11,855:	443:	11,092:	11,535
Unfilled Positions end-of-year.....	-4:	-147:	-151:	-4:	-113:	-117:	-4:	-110:	-114
Total, Permanent Employment, end- of-year.....	524:	11,438:	11,962:	507:	11,231:	11,738:	439:	10,982:	11,421
Staff-Years:	:	:	:	:	:	:	:	:	:
Ceiling.....	527:	12,800:	13,327:	510:	12,274:	12,784:	447:	12,010:	12,457

NATURAL RESOURCES CONSERVATION SERVICE

CLASSIFICATION BY OBJECTS1994 and Estimated 1995 and 1996

	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>
<u>Personnel Compensation</u>			
Headquarters.....	\$29,555,671	\$29,090,000	\$26,567,000
Field.....	436,469,315	425,660,000	419,112,000
11 Total personnel compensation...	466,024,986	454,750,000	445,679,000
12 Personnel benefits.....	107,305,124	106,629,000	105,971,000
13 Benefits for former personnel..	<u>26,180,020</u>	<u>14,305,000</u>	<u>3,412,000</u>
Total personnel compensation & benefits.....	599,510,130	575,684,000	555,062,000
<u>Other Objects</u>			
21 Travel.....	21,701,107	20,917,000	19,459,000
22 Transportation of things.....	4,401,360	4,270,000	4,273,000
23.2 Rental payments to others.....	13,318,119	12,908,000	12,947,000
23.3 Communications, utilities and miscellaneous charges.....	21,670,873	20,968,000	20,667,000
24 Printing and reproduction.....	4,837,124	4,718,000	4,615,000
25.1 Advisory & Assistance Services.	0	385,000	385,000
25.2 Other services.....	82,091,872	90,743,000	91,912,000
25.2 Construction contracts.....	108,270,783	178,327,000	15,830,000
26 Supplies and materials.....	16,874,630	14,369,000	14,674,000
31 Equipment.....	35,987,818	30,806,000	31,111,000
32 Land and structures.....	15,695,380	1,020,000	1,051,000
41 Grants, subsidies, & contrib...	175,997,094	148,601,000	128,333,000
42 Insurance claims & indemnities.	194,345	183,000	186,000
43 Interest and dividends.....	19,321	17,000	12,000
44 Refunds.....	<u>1,676</u>	<u>2,000</u>	<u>0</u>
Total other objects.....	<u>501,061,502</u>	<u>528,234,000</u>	<u>345,455,000</u>
Total direct obligations.....	<u>\$1,100,571,632</u>	<u>\$1,103,918,000</u>	<u>\$900,517,000</u>

Position Data

Average Salary, ES positions.....	\$102,293	104,117	107,369
Average Salary, GM/GS positions...	\$39,053	40,260	42,233
Average Grade, GM/GS positions....	9.85	9.55	9.54

Passenger Motor Vehicles

Passenger motor vehicles of the Natural Resources Conservation Service are distributed among 50 State Offices, Puerto Rico and Guam, 230 area offices, and various technical specialists located at field headquarters. None of these vehicles are used in Washington, D.C. Vehicles are used in rural and other areas where common carrier facilities are either non-existent, uneconomical, or inadequate. The nature of the travel requires a high degree of mobility with frequent stops at field offices, job sites, and other place not serviced by common carrier. Resident technicians servicing farmers and ranchers in conservation districts use pickup trucks rather than passenger vehicles.

Passenger motor vehicles are generally assigned to an office location and not exclusively to one individual. This allows several employees to rely on the use of a single vehicle, thus maximizing utilization, and minimizing the number of vehicles needed.

On September 30, 1994, the Natural Resources Conservation Service had 1,800 passenger vehicles in a total fleet of 10,713 vehicles. The fleet includes pickup trucks, light trucks, jeeps, and heavy trucks.

Replacement of Passenger Motor Vehicles. The fiscal year 1996 estimates provide for the replacement of 400 passenger motor vehicles during the fiscal year. The vehicles proposed for replacement have been driven more than 60,000 miles or are more than 6 years of age or would be beyond economic repair due to accident or other causes. The estimates also provide for 20 additions to the fleet of passenger motor vehicles.

NRCS is continuing a sound and effective replacement program. During fiscal year 1994, 444 replacement vehicles were ordered and 178 replacements were received. Economy of operations and expected use factors are taken into consideration as well as prescribed age and mileage standards in planning replacements.

Age and mileage data for Natural Resources Conservation Service passenger motor vehicles on hand September 30, 1994, are as follows:

<u>Model</u>	<u>AGE DATA</u>		<u>MILEAGE DATA</u>		
	<u>Number of Vehicles</u>	<u>Percent of Total</u>	<u>Lifetime Mileage</u> (Thousands)	<u>Number of Vehicles</u>	<u>Percent of Total</u>
1989 and older	794	44.1	80 to over 100	270	15.0
1990	214	11.9	60-80	414	23.0
1991	212	11.8	40-60	396	22.0
1992	146	8.1	20-40	342	19.0
1993	221	12.3	Under 20	378	21.0
1994	213	11.8	TOTAL	1,800	100.0
TOTAL	1,800	100.0			

Organizational Summary:						
	Total Obligations	Conservation Operations	River Basin Surveys and Investi- gations	Watershed Planning	Watershed and Flood Prevention Operations ^{a/}	Great Plains Conservation Program
Washington Headquarters.....	\$67,293	\$53,891	\$1,170	\$572	\$ 9,049	\$632
State Offices.....	67,611	49,902	1,718	1,488	10,786	946
State Technical Specialists....	48,665	41,742	1,289	1,446	3,306	180
Technical Service Centers.....	26,171	18,394	627	1,156	5,477	129
Plant Materials Centers.....	7,286	7,199	--	--	83	388
Other National Units.....	29,392	25,482	402	186	2,373	--
Miscellaneous State Units.....	47,277	17,906	5,707	4,874	17,607	424
Area Office Staffs.....	80,831	68,767	68	104	9,649	150
Miscellaneous Area Units.....	64,637	28,300	552	500	14,395	1,244
Field Office Staffs.....	304,085	279,353	1,073	259	15,941	--
TOTAL NRCS.....	743,248	590,936	12,606	10,585	88,666	5,793
						9,498
Cost-Share/Construction.....	151,309	--	--	--	132,691	16,217
TOTAL NRCS OBLIGATIONS NET..	894,557	590,936	12,606	10,585	221,357	25,715
CFSA.....	313	--	--	--	253	--
FS.....	3,985	--	782	299	2,388	--
Subtotal.....	4,298	--	782	299	2,641	--
TOTAL OBLIGATIONS, NET OF REIMBURSEMENTS.....	\$898,855	\$590,936	\$13,388	\$10,884	\$223,998	\$25,715
						\$33,934

^{a/} Excludes Emergency Watershed Protection funds.

NOTE: The above table does not reflect the transfer of the administration of CFSA cost-share programs to NRCS.

[SOIL] NATURAL RESOURCES CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Conservation Operations

- For necessary expenses for carrying out the provisions of the Act of April 27, 1935 (16 U.S.C. 590a-590f) including preparation of conservation plans and establishment of measures to conserve soil and water (including farm irrigation and land drainage and such special measures for soil and water management as may be necessary to prevent floods and the siltation of reservoirs and to control agricultural related pollutants); operation of conservation plant materials centers; classification and mapping of soil; dissemination of information;
- 1 acquisition of lands, water and interests therein, for use in the plant materials program by donation, exchange, or purchase [at a nominal cost not to exceed \$100] pursuant to the Act of August 3, 1956 (7 U.S.C. 428a); purchase and erection or alteration or improvement of permanent and temporary buildings; and operation and maintenance of aircraft, [\$556,062,000] \$645,735,000; [and the unobligated and uncommitted portion of the fiscal year 1994 appropriation for the Conservation Reserve Program shall be transferred to this account, to remain available until expended (7 U.S.C. 2209b)] of which not less than [\$5,756,000] \$5,852,000 is for snow survey and water forecasting and not less than [\$8,070,000] \$8,875,000 is for operation and establishment of the plant
 - 2 materials centers: Provided, [That except for \$3,399,000 for improvements of the plant materials centers, the cost of any permanent building purchased, erected, or as improved, exclusive of the cost of constructing a water supply or sanitary system and connecting the same to any such building and with the exception of buildings acquired in conjunction with land being purchased for other purposes, shall not exceed \$10,000, except for one building to be constructed at a cost not to exceed \$100,000 and eight buildings to be constructed or improved at a cost not to exceed \$50,000 per building and except that alterations or improvements to other existing permanent buildings costing \$5,000 or more may be made in any fiscal year in an amount not to exceed \$2,000 per building] That appropriations hereunder shall be available pursuant to 7 U.S.C. 2250 for construction and improvement of buildings and public improvements at plant materials centers, except the cost of alterations and improvements to other buildings and other public improvements shall not exceed \$250,000: Provided further, That when buildings or other structures are erected on non-Federal land that the right to use such land is obtained as provided in 7
 - 3 U.S.C. 2250a: Provided further, that this appropriation shall be available for technical assistance and related expenses to carry out programs authorized by sections 7 to 15, 16(a), 16(f), and 17 of the Soil Conservation and Domestic Allotment Act, as amended (16 U.S.C. 590g-590o, 590p(a), 590p(f) and 590p(q); the Water Bank Act, as amended (16 U.S.C. 1301-1311); Section 202(c) of title II of the Colorado River Basin Salinity Control Act of 1974, as amended (43 U.S.C. 1592(c); sections 401, 402, and 404 of the Agricultural Credit Act of 1978 (16 U.S.C. 2201 to 2205), and title XII of the Food Security Act of 1985 as amended (16 U.S.C. 3811 et seq.): Provided further, That no part of this appropriation may be expended for soil and water conservation operations under the Act of April 27, 1935 (16 U.S.C. 590a-590f) in demonstration projects: Provided further, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225) and not to exceed \$25,000 shall be available for employment under 5 U.S.C. 3109: Provided further, That qualified local engineers may be temporarily employed at per diem rates to perform the technical planning work of the Service (16 U.S.C. 590e-2).

The first change in language standardizes and clarifies acquisition authority in the plant materials program.

The second change updates the building authority limitation for the plant materials program to \$250,000, and removes the need to specify changes in the limitation in the annual appropriation. The limitation for individual building has not been updated since 1984 and is inadequate at today's construction costs to maintain and operate the plant material center facilities.

The third change provides authority to fund the technical assistance portion of the Wetland Reserve Program, the Water Bank Program, and the Colorado River Basin Salinity Control Program as part of the Conservation Technical Assistance program. These costs are currently provided as a reimbursable program activity of the Conservation Technical Assistance program. Beginning in fiscal year 1996, the budget proposes that funding for NRCS technical assistance formerly included in the Consolidated Farm Service Agency, be appropriated directly to the Natural Resources Conservation Service.

Conservation Operations

Appropriations Act, 1995.....	\$556,062,000
Agency Request, 1996.....	645,735,000
Increase in Appropriation.....	+\$89,673,000
Adjustments in 1995:	
Appropriations Act, 1995.....	\$556,062,000
Transfer from Conservation Reserve Program.....	+22,500,000
Transfer from Wetland Reserve Program.....	+8,410,000
Transfer from CFSA for technical assistance.....	+13,033,000
Transfer from CFSA for program administration.....	+4,193,000
Transfer from USDA for non-GSA building rent a/.....	+40,320
Transfer to National Appeals Division b/.....	-150,000
Transfer to Office of Communications c/.....	-113,000
Transfer for EEO Counseling d/.....	-567,000
Adjusted base for 1995.....	\$603,408,320
Budget Estimate, 1996.....	645,735,000
Increase over adjusted 1995.....	+\$42,326,680

NOTE:The fiscal year 1996 budget will fund the NRCS technical assistance for USDA conservation cost share programs previously administered by the Consolidated Farm Service Agency, formerly the Agricultural Conservation and Stabilization Service, and paid for by reimbursable agreement as a direct Conservation Operations program activity starting in 1995.

- a/ Funds were transferred from the Rental Payments (USDA) account for leases reassigned by GSA to NRCS.
- b/ Public Law 103-330 provided that the Secretary of Agriculture may transfer funds between the agencies of the Department of Agriculture to meet workload requirements. The \$150,000 transfer from the NRCS to the National Appeals Division would fund about 2 staff years.
- c/ Funds were transferred to the Office of Communications pursuant to Public Law 103-330.
- d/ Funds were transferred to the Office of Civil Rights Enforcement pursuant to Public Law 103-330.

SUMMARY OF INCREASES

(on basis of adjusted appropriation)

Item of Change	1995	Program		Other	1996
	Estimated	Changes	Pay Cost	Changes	Estimated
Technical Assistance..	\$516,950,320	+\$26,963,680	+\$8,660,000	+\$1,699,000	\$554,273,000
Soil survey.....	72,632,000	+2,626,000	+1,166,000	+311,000	76,735,000
Snow surv/Wtr forecast	5,756,000	--	+72,000	+24,000	5,852,000
Plant materials ctrs..	8,070,000	+675,000	+94,000	+36,000	8,875,000
TOTAL AVAILABLE.....	\$603,408,320	+\$30,264,680	+\$9,992,000	+\$2,070,000	\$645,735,000

PROJECT STATEMENT

(On basis of adjusted appropriation)

Project	1994	1995 estimated		Increase	1996 estimated
	Amount	Staff	Amount	or	Staff
		Years	Years	Decrease	Amount
1. Technical assistance.....	\$515,033,041	8,294	\$516,950,320	8,034	\$554,273,000
2. Soil surveys....	73,904,000	1,097	72,632,000	1,075	76,735,000
3. Snow survey and water forecasting....	5,820,000	72	5,756,000	69	5,852,000
4. Operation of plant materials centers.....	8,889,000	132	8,070,000	136	8,875,000
Total available estimate.....	\$603,646,041	9,595	\$603,408,320	9,314	\$645,735,000
Transfer to OCRE....		--	+567,000	--	
Transfer to Office of Communications..	+141,000	--	+113,000	--	
Transfer to National Appeals Division..		--	+150,000	+2	
Transfer from Rental	-265,667	--	-40,320	--	
Transfer from CRP...		--	-22,500,000	--	
Transfer from WRP...		--	-8,410,000	--	
Transfer from CFSA for tech. assist..	-8,409,374	-160	-13,033,000	--	
Transfer from CFSA for sal and admin.	-4,063,000	-18	-4,193,000	-18	
Total, appropriat'n.	\$591,049,000	9,417	\$556,062,000	9,298	

PROJECT STATEMENT
(On basis of available funds)

Project	1994		1995 estimated		Increase or Decrease	1996 estimated	
	Amount	Staff: Years	Amount	Staff: Years		Amount	Staff: Years
1. Technical assistance.	\$515,469,416:	8,294:	\$523,257,301:	8,034:	+\$31,015,699	\$554,273,000:	8,509
2. Soil surveys	73,506,193:	1,097:	74,127,752:	1,075:	+2,607,248	76,735,000:	1,075
3. Snow survey and water forecasting	5,930,049:	72:	5,783,312:	69:	+68,688	5,852,000:	69
4. Operation of plant materials centers....	8,502,495:	132:	9,073,697:	136:	-198,697	8,875,000:	136
Total direct obligations...	603,408,153:	9,595:	612,242,062:	9,314:	+33,492,938	645,735,000:	9,789
Unobligated balance brought forward.....	(-8,595,854)	(--)	(-8,833,742)	(--)	(+8,833,742)	--:	--
Unobligated balance carried forward.....	(+8,833,742)	(--)	(--)	(--)	--	--:	--
Adjusted appropriation.	(603,646,041)	(9,595)	(603,408,320)	(9,314)	(+42,326,680)	(645,735,000)	(9,789)
Reimbursable obligations:							
1. Technical assistance.	45,577,485:	610:	55,715,000:	734:	+6,530,000	62,245,000:	717
2. Soil surveys	6,797,970:	112:	6,798,000:	112:	--	6,798,000:	112
3. Snow survey and water forecasting	296,358:	2:	296,000:	2:	--	296,000:	2
4. Operation of plant materials centers....	1,792,859:	18:	1,793,000:	18:	--	1,793,000:	18
Total, reimbursable obligations...	54,464,672:	742:	64,602,000:	866:	+6,530,000	71,132,000:	849
Obligational authority.....	\$657,872,825:	10,337:	\$676,844,062:	10,180:	+\$40,022,938	\$716,867,000:	10,638

SOURCES OF REIMBURSEMENTS

Project	1994		1995 estimated		Increase or Decrease	1996 estimated	
	Amount	Staff: Years	Amount	Staff: Years		Amount	Staff: Years
Within USDA:							
Foreign Agricultural Service.....	\$690,906:	10:	\$691,000:	10:	--:	\$691,000:	10
Consolidated Farm Services Agency....	25,488,346:	377:	35,626,000:	501:	+\$6,530,000:	42,156,000:	484
Other Federal.....	16,277,030:	158:	16,277,000:	158:	--:	16,277,000:	158
Non-Federal:							
States and Counties for Soil Surveys..	11,164,688:	46:	11,165,000:	46:	--:	11,165,000:	46
Other.....	843,702:	151:	843,000:	151:	--:	843,000:	151
Adjusted reimbursmnt	54,464,672:	742:	64,602,000:	866:	+6,530,000:	\$71,132,000:	849
Transfer from CFSA for tech. assist...	(8,409,374)	(160)	(13,033,000)	--:	(-13,033,000)		
Total reimbursements	(\$62,874,046)	(902)	(\$77,635,000)	(866)	(-6,503,000)		

OUTLAYS

	1994 Actual	1995 estimated	Increase	1996 estimated
1. Technical Assistance.....	\$500,798,912:	\$490,956,000:	\$53,902,000:	\$544,858,000
2. Soil Surveys.....	73,184,968:	71,299,000:	+4,551,000:	75,850,000
3. Snow Survey and Water Forecasting.....	5,904,132:	5,579,000:	+223,000:	5,802,000
4. Operation of Plant Materials Centers.....	8,465,340:	8,688,000:	+134,000:	8,822,000
Actual Outlays.....	588,353,352:	576,522,000:	+58,810,000:	\$635,332,000
Transfer from CFSA for technical assistance....	(8,409,374)	(13,033,000)	(-13,033,000)	
Adjusted Outlays for comparability.....	(\$596,762,726)	(\$589,555,000)	(+\$45,777,000)	

JUSTIFICATION OF INCREASES AND DECREASES

(1) An increase of \$37,322,680 for technical assistance consisting of:

- (a) An increase of \$8,660,000 for Conservation Technical Assistance pay costs consisting of \$7,012,000 for the 1996 general pay raise and \$1,648,000 to annualize the fiscal year 1995 pay adjustment.

The annual cost-of-living pay adjustment anticipated in fiscal year 1996 and unfunded cost associated with the fiscal year 1995 locality pay adjustment for Conservation Technical Assistance activities will be \$8,660,000 in fiscal year 1996. Absorbing the 1996 pay costs for this program would reduce NRCS staffing by an additional 130 FTE (-1.5%). Anticipated program accomplishments could not be maintained without the staff, and the NRCS's reorganization would be more difficult to implement as would the reinventing initiatives contained in Vice President Gore's National Performance Review and Congress's announced intention to change Federal program operations. An estimated 18,000 fewer decision makers would receive technical assistance services, 915,000 fewer acres of land would be treated, and 5.2 million more tons of soil would erode in fiscal year 1996 if this technical assistance is not provided. The increased pay cost funds would be used to pay salaries and benefits for the 130 FTE necessary to continue the 1995 level of assistance estimated for this program.

- (b) An increase of \$5,566,000 for increased operating costs under the Conservation Technical Assistance program which consists of \$3,670,000 for the anticipated 3.0 percent increase of non-pay costs associated with program operations in fiscal year 1996, and \$1,896,000 for unfunded Federal Employees Retirement System (FERS) costs not included in the annual pay cost proposal.

An estimated \$5,566,000 is needed to fund the uncontrollable increased operating cost for the Conservation Technical Assistance program in fiscal year 1996. Absorbing these costs would reduce NRCS staffing for this program by 83 FTE (-1.0%). Anticipated program results could not be maintained without these funds. An estimated 11,500 fewer decision makers would receive technical assistance services, 587,000 fewer acres of land would be treated, and 3.3 million more tons of soil would erode in FY 1996 if this technical assistance is not provided. The increased funding would be used to provide adequate support costs for staffing levels proposed for FY 1996, including travel, space, equipment, etc.

- (c) A decrease of \$3,362,000 for administrative efficiency.

To implement the President's Executive Order to reduce overhead-type outlays from the FY 1993 baseline by 3 percent in FY 1994, 6 percent in FY 1995, 9 percent in FY 1996 and 14 percent in FY 1997, budget authority in FY 1996 must be reduced by \$3,362,000. In order to achieve these savings, NRCS will reduce discretionary expenses in this program by \$3,362,000 in FY 1996, in areas such as travel, transportation of things, rent and communications, miscellaneous services and supplies. These cost decreases will be achieved through reinvention/reorganization processes already well underway. There would be no significant impact on program operations as long as the agency is funded for the uncontrollable increased pay and inflation costs.

- (d) An increase of \$13,043,680 in technical assistance for USDA conservation cost-share programs.

The FY 1996 budget proposes to fund the technical assistance provided by NRCS for the conservation cost-share programs transferred from CFSA to this agency in the USDA reorganization within this program activity. Technical assistance to support these cost-share programs in FY 1996 will cost about \$26.1 million. The net change from FY 1995 is about \$13.1 million, most of which will be used to support an expanded Wetland Reserve Program that will seek to enroll 300,000 acres in FY 1996. Prior to FY 1996, NRCS technical assistance costs for supporting these USDA conservation cost-share programs were budgeted under the CFSA appropriations accounts and reimbursed to NRCS under reimbursable agreements. This amount cannot be absorbed within current budget authority levels. The CFSA will transfer about \$4.2 million and 18 staff years to the NRCS to provide for salaries and expenses to administer the cost-share programs. Technical support for those conservation programs remaining under CFSA control, including the Conservation Reserve Program and Agricultural Conservation Program will continue to be provided by NRCS on a reimbursable basis.

- (e) An increase of \$6,960,000 to reorganize and provide improved program services to the public at the field level.

A major goal of the Administration and Congress is to "reinvent government" to work better and cost less, while cutting waste and reducing bureaucracy. To help achieve this, NRCS is undergoing a major reorganization in order to create a more logical and cost-effective operation that will shift program resources out of headquarters and other areas of management to provide a larger percentage of staff in the field where direct support can continue to be given to the customer. However, these reinvention efforts, even when combined with the 600,000 hours of volunteer service contributed nationally by more than 12,000 Earth Team volunteers will be insufficient to provide the technical assistance and expertise needed by producers to solve water shortage, water quality and mandated requirements. NRCS's local and state partners recognize the shortfall in technical assistance and currently contribute about \$430 million to conservation efforts annually. The additional funds being requested would be used to assist landowners in planning and implementing water management and water quality measures and solving other high priority natural resource and environmental problems. Technical assistance and expertise would be increased through new hires, improved local partnerships and use of available Federal, state and local programs. This unified approach would be used to support program delivery at the local level for unmet conservation needs such as water usage in the West, degradation of private grazing lands, and other priority needs. The combination of Federal technical assistance, volunteers, and local and state partnerships, working through available programs would help the public voluntarily solve conservation problems and meet Federal mandates economically.

- (f) An increase of \$5,500,000 for Conservation Technical Assistance to modernize field office operations through database development investments to implement GIS technology and improve field office operations.

NRCS has been given the federal leadership to coordinate the planning for the development, maintenance and distribution of a digital soils data base needed for modernization. Currently, most of the natural resource information used by NRCS national, state and field offices to solve natural resource problems and recommend environmental policy is referenced to a geographic location on the ground. There is a need to change the way NRCS and USDA collects, shares and uses this data by developing geographic databases of natural resource information in digital form to use in a geographic information system (GIS) at state and field offices if USDA is to meet its goals. About 200 NRCS field offices are using GIS. A fully implemented GIS database would provide more useable information for natural resource planning and decision making, environmental assessments and evaluations. It would improve efficiencies and effectiveness in delivering USDA programs and services, improve USDA's field office efficiency and interagency cooperation, and provide better service to farmers and ranchers. GIS technology would also make it possible for USDA to extract, share, and display natural resource, economic and other data that conforms to the national federal GIS database standards with other U.S. Government departments and agencies. Digitizing soil surveys is the other database component of this initiative which is explained under the Soil Survey justification (2)(d) below.

The additional \$5,500,000 would be used to accelerate the current program to create digital orthophotography of the conterminous U.S. under the conservation technical assistance program. Another \$2.6 million is requested under the soil survey program for contract and technical oversight costs needed to digitize soil surveys. The total orthophotography component is planned cooperatively with the CFSA and the U.S. Geological Survey. No additional federal employment would be incurred because most of the work would be contracted to the private sector. These funds would be matched by CFSA and the U.S. Geological Survey to procure orthophotography for the entire United States. The goal is to provide a new set of base maps on a five year cycle if the three agencies can provide a total of about \$36 million annually for orthophotography.

- (g) An increase of \$1,000,000 to provide technical assistance to Indian Reservations required under Section 2501(g) of the 1990 Food, Agriculture, Conservation, and Trade Act.

The Indian Self-Determination and Self-Governance Act, PL 94-638, Jan. 4, 1975, gave authority for carrying out the trust responsibilities of the U.S. Government to all government agencies, not just the Bureau of Indian Affairs. Section 2501(g) of the 1990 Food, Agriculture, Conservation, and Trade Act (FACTA) further defined the responsibilities for USDA, specifically NRCS and CFSA. These agencies were directed, if requested, to establish and staff a sub-office on reservations for a minimum of 1 day per week. Prior to the passage of FACTA, NRCS was providing eighteen staff years of assistance on 9 reservations. At other reservations technical assistance was available if requested but generally from a town some distance from the reservation. Currently, many of the more than 310 reservations and 4 areas of trust land in the 48 contiguous states are taking steps to request assistance. The reservations encompass a land area of over 56 million acres. There are also 12 Alaska Native Regional Corporations and 217 Alaska Native Villages that are entitled to receive benefits. Potentially all of them could request staff assistance under the Section 2501(g) provision that NRCS could not provide with current resources unless existing field offices on non-tribal lands were closed or

operated on a part time basis. Based on the latest information, it is estimated that the annual rate of requests to staff tribal land field offices will be about 150. The staff are needed to provide basic technical assistance for resource problem identification and conservation planning and application. The 1990 FACTA sets a minimum of 1 day per week if requested. However, operating in this manner is inefficient because travel time to the more remote reservations requires up to two additional days to provide one staff day per week in the tribal land field office, and does not help develop tribal capacity to solve conservation problems.

The additional \$1,000,000 proposed for 1996 represents the annual cost of providing technical assistance and capacity building needed to carry out field suboffice operations on a full-time basis on 16 additional reservations which have significant natural resource problems that include water quality, rangeland and farmland erosion. The 16 professionals assigned full-time to the reservations would provide the leadership to begin the process of developing the local capacity to solve their natural resources management by establishing an internship/self reliance apprenticeship program similar to the one in operation at the Wind River Reservation in Wyoming. Tribal employees would be trained through on-the-job and educational experiences as a conservation workforce on the reservations.

- (h) An increase of \$460,000 for Conservation Technical Assistance to support the USDA Centers of Excellence initiative with 1890 Institutions by establishing a center of excellence at Virginia State University for water quality improvement through sustainable ecosystems.

There is a need for USDA to work in partnership with the 1890 Land Grant Institutions and Tuskegee University to develop low cost conservation systems that will improve water quality and reduce erosion in the Chesapeake Bay region and other areas of the Nation. USDA is establishing Centers of Excellence at the 1890 schools to address this and other agricultural problems. The Natural Resources Conservation Service and the 1890 Institutions have a history of cooperative ventures that have provided knowledge and skills necessary to strengthen and broaden the capacities of the application and transfer of technologies through the 1890 Institutions to the agricultural communities they serve. NRCS and Virginia State University have been working together on a joint effort to improve water quality in the Bay while advancing agriculture. Additional knowledge about agronomic plant sustainability to remove high concentrations of soil pollutants is needed by NRCS to improve technical assistance provided to small-scale and limited resource farmers and others for water quality activities in the Chesapeake Bay. It is more economical and efficient to support a Center of Excellence with Virginia State University than develop the additional knowledge and information within USDA. This proposal would fund an agreement to develop and evaluate sustainable ecosystems that would improve and protect the quality and quantity of the Chesapeake Bay waters. A Center of Excellence would be supported by the NRCS (and possibly by the Agricultural Research Service, and Extension Service) in partnership with Virginia State University. The project would evaluate agronomic plantings used in soil erosion control practices to determine their long term ability to remove high concentrations of nitrate and other water pollutants. Virginia State University will provide scientists or other workers, land, and facilities for the testing of plant communities and their relationship with water quality. USDA would provide an agronomist, funding for university employees, and equipment to assist in evaluating sustainable ecosystems.

- (i) A decrease of \$505,000 for FTS 2000 funding.

This decrease reflects lower long distance telecommunications prices due to price redeterminations in the FTS 2000 contracts.

(2) An increase of \$4,103,000 for Soil Surveys and Investigations consisting of:

- (a) An increase of \$1,166,000 for Soil Survey and Investigations pay costs consisting of \$944,000 for the 1996 general pay raise and \$222,000 to annualize the fiscal year 1995 pay adjustment.

The annual cost-of-living pay adjustment anticipated in FY 1996 and unfunded cost associated with the fiscal year 1995 locality pay adjustment for Soil Survey and Investigations activities will be \$1,166,000 in fiscal year 1996. Absorbing the 1996 pay costs for this program would reduce NRCS staffing by an additional 16 FTE (-1.5%). Anticipated program accomplishments could not be maintained without the staff, and the NRCS's reorganization would be more difficult to implement as would the reinventing initiatives contained in Vice President Gore's National Performance Review. An estimated 400,000 fewer acres of land, which is about the size of an average sized county, would not be mapped in fiscal year 1996 if this technical assistance is not provided. The increased pay cost funds would be used to pay salaries and benefits for the 16 FTE necessary to continue the 1995 level of assistance estimated for this program.

- (b) An increase of \$782,000 for increased operating costs under the Soil Survey and Investigations program which consists of \$530,000 for the anticipated 3.0 percent increase of non-pay costs associated with program operations in fiscal year 1996, and \$252,000 for unfunded Federal Employees Retirement System (FERS) costs not included in the annual pay cost proposal.

An estimated \$782,000 is needed to fund the uncontrollable increased operating cost for the Soil Surveys and Investigations program in FY 1996. Absorbing these costs would reduce NRCS staffing for this program by 11 FTE (-1.0%). Anticipated program results could not be maintained without these funds. An estimated 275,000 acres of land, which is slightly smaller than an average sized county, would not be mapped in fiscal year 1996 if this technical assistance is not provided. The increased funding would be used to provide adequate support costs for staffing levels approved for fiscal year 1996, including travel, space, equipment, etc.

- (c) A decrease of \$471,000 for administrative efficiency.

To implement the President's Executive Order to reduce overhead-type outlays from the FY 1993 baseline by 3 percent in FY 1994, 6 percent in FY 1995, 9 percent in FY 1996 and 14 percent in FY 1997, budget authority in FY 1996 must be reduced by \$471,000. In order to achieve these savings, NRCS will reduce discretionary expenses in this program by \$471,000 in FY 1996, in areas such as travel, transportation of things, rent and communications, miscellaneous services and supplies. These cost decreases will be achieved through reinvention/reorganization processes already well underway. There would be no significant impact on program operations as long as the agency is funded for the uncontrollable increased pay and inflation costs.

- (d) An increase of \$2,626,000 for Soil Surveys to modernize field office operations by accelerating the Natural Resources Database (GIS) budget initiative.

Digitized soil surveys are a critical element in the USDA reorganization and reinvention at the field level. Field office modernization and improved customer services that are provided by a minimum number of USDA staff cannot be achieved without this digital database. The orthophoto maps requested under the conservation technical assistance program will provide the accurate reference base needed for geographic referenced data

sharing and soil survey is the most important basic data set needed before computer assisted conservation or resource planning can take place. Soils information has been gathered for many years and is primarily contained in published soil survey manuscripts and maps as well as on maps and notes for soil surveys now underway. New soil surveys are being digitized, but only about 200 of the completed surveys are in the digital form needed for Geographic Information Systems. Completed soil surveys that are 25 years old generally must be updated before they are ready to digitize, but more recently completed soil surveys are ready to digitize. Availability of digitized soil survey information will be an important factor in achieving the USDA InfoShare objective on a timely basis. This work has not been accelerated because it cannot be absorbed within current funding levels. Digitizing the soil surveys will also provide future program benefits because it is the most efficient and effective method to update and maintain soil survey data. The NRCS has been assigned national leadership for all soils geographic data, coordinating standards and practices between all Federal and state agencies, local government, and other interested parties (OMB Circular A-16). Local cost-sharing is emphasized to reduce Federal expenditures. The additional \$2,626,000 would be used to accelerate the process proposed in the 1995 budget of digitizing published and ongoing soil surveys. Priority will be given to communities or areas who are willing and able to share the cost of the surveys and NRCS will actively seek out others to accelerate digitizing through partnering and cost-sharing.

(3) An increase of \$96,000 in Snow Survey and Water Forecasting activities consisting of:

- (a) An increase of \$72,000 for Snow Survey and Water Forecasting pay costs consisting of \$58,000 for the 1996 general pay raise and \$14,000 to annualize the fiscal year 1995 pay adjustment.

The annual cost-of-living pay adjustment anticipated in fiscal year 1996 and unfunded cost associated with the fiscal year 1995 locality pay adjustment for Snow Survey and Water Forecasting activities will be \$72,000 in fiscal year 1996. Absorbing the 1996 pay costs for this program would reduce NRCS staffing by an one additional FTE (-1.4%). Anticipated program accomplishments could not be maintained without the staff, and the NRCS's reorganization would be more difficult to implement as would the reinventing initiatives contained in Vice President Gore's National Performance Review. The increased pay cost funds would be used to pay salaries and benefits for the one FTE necessary to continue the 1995 level of assistance estimated for this program.

- (b) An increase of \$83,000 for increased operating costs under the Snow Survey and Water Forecasting program which consists of \$66,000 for the anticipated 3.0 percent increase of non-pay costs associated with program operations in fiscal year 1996, and \$17,000 for unfunded Federal Employees Retirement System (FERS) costs not included in the annual pay cost proposal.

An estimated \$83,000 is needed to fund a portion of the uncontrollable increased operating cost for the Snow Survey and Water Forecasting program in fiscal year 1996. Absorbing these costs would reduce NRCS staffing for this program by one FTE (-1.4%) because full funding for program support has not been provided several times in prior years, and funds available for program support are at a minimal level. Anticipated program results could not be maintained without these funds. The increased funding would be used to provide adequate support costs for staffing levels approved for fiscal year 1996, including travel, space, equipment, etc.

(c) A decrease of \$59,000 for administrative efficiency.

To implement the President's Executive Order to reduce overhead-type outlays from the FY 1993 baseline by 3 percent in FY 1994, 6 percent in FY 1995, 9 percent in FY 1996 and 14 percent in FY 1997, budget authority in FY 1996 must be reduced by \$59,000. In order to achieve these savings, NRCS will reduce discretionary expenses in this program by \$59,000 in FY 1996, in areas such as travel, transportation of things, rent and communications, miscellaneous services and supplies. These cost decreases will be achieved through reinvention/reorganization processes already well underway. There would be no significant impact on program operations as long as the agency is funded for the uncontrollable increased pay and inflation costs.

(4) An increase of \$805,000 in Plant Materials Centers activities consisting of:(a) An increase of \$94,000 for Plant Materials Centers assistance pay costs consisting of \$76,000 for the 1996 general pay raise and \$18,000 to annualize the fiscal year 1995 pay adjustment.

The annual cost-of-living pay adjustment anticipated in fiscal year 1996 and unfunded cost associated with the fiscal year 1995 locality pay adjustment for Plant Materials Centers activities will be \$94,000 in fiscal year 1996. Absorbing the 1996 pay costs for this program would reduce NRCS staffing by an additional 2 FTE (-1.5%). Anticipated program accomplishments could not be maintained without the staff, and the Secretary's reorganization would be more difficult to implement as would the reinventing initiatives contained in Vice President Gore's National Performance Review. The increased pay cost funds would be used to pay salaries and benefits for the 2 FTE necessary to continue the 1995 level of assistance estimated for this program.

(b) An increase of \$142,000 for increased operating costs under the Plant Materials Centers program which consists of \$120,000 for the anticipated 3.0 percent increase of non-pay costs associated with program operations in fiscal year 1996, and \$22,000 for unfunded Federal Employees Retirement System (FERS) costs not included in the annual pay cost proposal.

An estimated \$142,000 is needed to fund the uncontrollable increased operating cost for the Plant Materials Centers program in fiscal year 1996. Absorbing these costs would reduce NRCS staffing for this program by 2 FTE (-1.5%) because full funding for program support has not been provided several times in prior years, and funds available for program support are at a minimal level. Anticipated program results could not be maintained without these funds. The increased funding would be used to provide adequate support costs for staffing levels approved for fiscal year 1996, including travel, space, equipment, etc.

(c) A decrease of \$106,000 for administrative efficiency.

To implement the President's Executive Order to reduce overhead-type outlays from the FY 1993 baseline by 3 percent in FY 1994, 6 percent in FY 1995, 9 percent in FY 1996 and 14 percent in FY 1997, budget authority in FY 1996 must be reduced by \$106,000. In order to achieve these savings, NRCS will reduce discretionary expenses in this program by \$106,000 in FY 1996, in areas such as travel, transportation of things, rent and communications, miscellaneous services and supplies. These cost decreases will be achieved through reinvention/reorganization processes already well underway. There would be no significant impact on program operations as long as the agency is funded for the uncontrollable increased pay and inflation costs.

- (d) An increase of \$675,000 to continue to maintain the Plant Materials Centers.

Plant materials in many instances are the cornerstone of effective conservation land treatment. They represent inexpensive, nearly permanent solutions to many environmental and natural resource problems and maintenance costs are usually low. Many landowners and managers willingly use plant materials, if available. Most commercial nurseries will not develop new plant materials, however, because of limited markets. However, they will grow and market the stock once a dependable plant has been developed. The NRCS plant materials centers program was initiated to do the development. The centers fulfilled their role successfully for many years, but fiscal restrictions eventually caused the centers to fall into disrepair. Many became unproductive because of broken equipment and outdated technology. A modernization of the centers began in 1990. Initial stages of the modernization have been completed, and the centers are once again aggressively addressing significant environmental problems, such as controlling soil erosion and improving water quality. A continuation of funding at the FY 1994 level is essential to maintain the facilities. The \$675,000 restoration would allow the plant materials centers program to resume scheduled development of inexpensive and effective materials needed to meet emerging environmental and natural resource problems, water quality improvement, for example, in a timely manner. The funds would allow for modernization of equipment and the development of new plant propagation methodologies. Development of plant materials would be accelerated and the backlog of projects needed to address troubling and expensive issues, such as non-point source water pollution, would be reduced.

Natural Resources Conservation Service
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS
1994 and Estimated 1995 and 1996
 CONSERVATION OPERATIONS

	1994		1995		1996	
	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS
ALABAMA.....	\$10,840,018	189	\$11,240,012	187	\$11,555,480	193
ALASKA.....	2,647,810	31	2,577,619	29	2,822,050	32
ARIZONA.....	6,835,714	91	6,467,827	82	7,285,540	93
ARKANSAS.....	11,942,614	197	11,095,903	174	12,728,510	202
CALIFORNIA....	14,386,032	232	16,789,192	255	15,738,270	241
COLORADO.....	13,708,542	245	13,441,818	228	15,016,190	252
CONNECTICUT...	2,108,515	36	2,299,008	38	2,247,270	37
DELAWARE.....	1,558,328	24	1,560,490	23	1,660,870	25
FLORIDA	8,587,659	154	9,252,969	158	9,152,780	157
GEORGIA.....	12,941,499	231	13,615,656	234	14,198,670	242
HAWAII.....	3,822,291	55	3,882,740	53	4,073,820	57
IDAHO.....	9,830,195	174	9,277,368	156	10,477,080	178
ILLINOIS.....	15,223,516	259	15,564,323	252	16,225,310	265
INDIANA.....	13,353,103	238	12,864,167	217	14,231,810	244
IOWA.....	19,311,988	352	20,916,962	362	20,988,380	363
KANSAS.....	18,163,855	318	18,368,338	306	19,359,140	325
KENTUCKY.....	13,233,542	252	12,953,236	234	14,104,380	257
LOUISIANA.....	9,248,862	155	10,078,463	161	9,857,490	158
MAINE.....	3,279,713	54	3,532,936	56	3,495,540	56
MARYLAND.....	5,825,714	98	6,123,241	99	6,614,630	101
MASSACHUSETTS.	2,851,596	43	3,325,310	48	3,039,250	44
MICHIGAN.....	11,009,542	180	10,652,761	166	11,734,030	184
MINNESOTA.....	13,467,307	236	13,993,493	233	14,353,530	241
MISSISSIPPI...	11,740,238	216	13,213,987	232	12,512,810	221
MISSOURI.....	17,046,572	268	18,511,589	277	18,573,880	277
MONTANA.....	14,671,692	282	14,820,051	253	16,702,980	288
NEBRASKA.....	15,955,372	300	15,313,633	274	17,005,330	308
NEVADA.....	3,203,855	53	3,733,879	59	3,414,690	55
NEW HAMPSHIRE.	2,180,593	34	2,042,037	30	2,324,090	35
NEW JERSEY....	3,618,943	55	4,131,633	60	3,857,090	57
NEW MEXICO....	8,830,573	146	8,420,224	132	9,817,230	151
NEW YORK.....	10,313,928	153	10,690,350	150	11,195,410	159
NORTH CAROLINA	11,090,262	190	11,116,376	181	12,022,840	195
NORTH DAKOTA..	12,023,485	210	11,604,308	193	12,814,700	215
OHIO.....	12,049,872	209	12,365,861	204	13,045,600	215
OKLAHOMA.....	13,916,843	254	13,249,759	230	15,035,430	260
OREGON.....	9,653,215	146	10,568,853	151	10,288,450	149
PACIFIC BASIN.	1,181,625	22	1,270,691	23	1,259,380	23
PENNSYLVANIA..	9,239,934	158	9,774,214	159	10,050,750	164
PUERTO RICO...	3,301,251	53	3,349,151	51	3,518,490	55
RHODE ISLAND..	927,247	14	902,729	13	988,270	14
SOUTH CAROLINA	6,937,146	126	6,835,439	118	7,393,650	130
SOUTH DAKOTA..	9,508,121	167	9,530,620	159	10,133,810	171
TENNESSEE.....	12,071,456	207	12,189,988	199	12,865,830	212
TEXAS.....	38,356,505	690	36,379,789	656	40,015,420	678
UTAH.....	6,443,691	102	6,052,792	91	6,867,720	104
VERMONT.....	2,972,698	47	2,894,512	44	3,168,320	48
VIRGINIA.....	10,102,902	160	9,636,561	145	10,767,730	164
WASHINGTON....	11,380,091	187	11,728,238	177	12,128,970	192
WEST VIRGINIA.	5,647,428	105	6,966,956	123	6,019,060	107
WISCONSIN.....	11,459,124	214	11,728,160	208	12,618,750	226
WYOMING.....	6,137,737	102	6,140,078	97	6,541,630	104
CHESTER NTC...	2,703,283	36	3,119,410	43	2,953,970	41
FORT WORTH NTC	13,207,226	186	13,251,610	185	14,431,980	195
LINCOLN NTC...	11,124,297	167	11,776,830	176	12,155,890	180
PORTLAND NTC..	6,608,288	72	6,587,470	71	7,221,090	83
NATIONL HQQTRS	63,624,705	420	62,470,452	399	65,063,740	366
Total Available						
or Estimate..	\$603,408,153	9,595	\$612,242,062	9,314	\$645,735,000	9,789

CONSERVATION OPERATIONS

STATUS OF PROGRAM

Authority and Mission: The Natural Resources Conservation Service (NRCS), formerly the Soil Conservation Service, is a technical agency of the United States Department of Agriculture (USDA). The agency was established by Public Law 74-46 on April 27, 1935, (16 U.S.C. 590a-590f) to carry out a continuing program of soil and water conservation on the private lands of the Nation. The current mission of the agency is to provide leadership and administer programs to help people conserve, improve, and sustain our natural resources and environment.

Since 1983 the conservation activities of the Natural Resources Conservation Service have been guided by the priorities and objectives as set forth in the National Conservation Program (NCP) which was prepared in response to the provisions of the Soil and Water Resources Conservation Act of 1977 (RCA) (Public Law 95-192). The long-term objectives of the program are designed to maintain and improve the soil, water, and related resources of the Nation's nonpublic lands by:

- Reducing excessive soil erosion.
- Reducing agricultural nonpoint source pollution of water.
- Improving irrigation efficiency.
- Making more effective use of water.
- Reducing upstream flood damages.
- Improving range condition.

NRCS continues to play a major role in USDA's implementation of the conservation provisions of the Food Security Act (FSA) of 1985 (Public Law 99-198) and the Food, Agriculture, Conservation and Trade Act (FACTA) of 1990 (Public Law 101-624). The conservation provisions include:

1. Highly erodible land conservation (16 U.S.C. 3811-3813);
2. Wetland conservation (16 U.S.C. 3821-3823);
3. Environmental Conservation Acreage Reserve Program (16 U.S.C. 3831-3845);
 - Conservation Reserve Program
 - Wetland Reserve Program
4. Conservation easements (7 U.S.C. 1997).

Under these provisions, NRCS is responsible for defining highly erodible lands, wetlands, and converted wetlands, and for assisting farmers develop and install conservation plans and conservation systems as a basis for Conservation Reserve Program contracts or for conservation compliance purposes. The law required that all producers have an approved conservation plan on all highly erodible cropland by December 31, 1989, in order to continue their eligibility for USDA farm program benefits. Producers then have until December 31, 1994, to install the approved conservation systems. NRCS assigned highest priority during this period to providing the technical assistance needed to help producers comply with the provisions of the law. In 1995 and beyond, NRCS will continue to provide assistance to help producers maintain their compliance, and will conduct status reviews to determine whether or not producers are using approved conservation systems. In addition, technical assistance will be provided in support of Environmental Conservation Acreage Reserve Program sign-ups authorized by the 1990 Farm Bill.

Cooperation with Conservation Districts: USDA and NRCS have entered into memoranda of understanding with 2,955 conservation or special districts to establish a basis for a cooperative local-Federal conservation partnership. Under the terms of these agreements, NRCS provides technical assistance through each district to assist farmers, ranchers, rural communities, and others to plan, apply, and maintain conservation treatment on the land. These districts are legal subdivisions of State government organized for the purpose of developing and carrying out local conservation programs to protect, conserve, and maintain the natural resource base of the Nation. Officials of conservation districts are local leaders in the development of appropriate land use and conservation treatment on private and other

lands within district boundaries. They solicit local, State, and Federal participation to help carry out locally adapted conservation programs. Over the years, they have developed cooperative ways of financing conservation programs that provide numerous public and private benefits. State and local appropriations of funds for conservation district program activities totaled approximately \$502 million in FY 1994. This was about \$31.2 million less than FY 1993 funding levels.

Cooperation with Other Agencies: Many Federal and State agencies rely upon the technical expertise unique to the NRCS to plan and implement programs which impact rural residents and/or resources. Some examples are the Agricultural Conservation Program, the Colorado Salinity Control Program, the Conservation Reserve Program, and the experimental Rural Clean Water Program of the Consolidated Farm Services Agency; the Surface Mine Control and Reclamation Programs of the Department of the Interior; the Coastal Zone Management Program of the Department of Commerce; and the Chesapeake Bay Agreement, National Estuary Program and Clean Lakes Program of the Environmental Protection Agency. Memoranda of Understanding (MOU) have been signed with EPA for nonpoint source technical cooperation, with Cooperative State Research, Education and Extension Service for water quality data and training, and with Agricultural Research Service (ARS) and the Geological Survey addressing cooperation in the area of water quality research.

NRCS is recognized worldwide as an authority on soil and water conservation. Specialists participated in international conservation programs, completing 242 assignments to 48 foreign countries and accomplishing the following objectives: provided international conservation assistance; exchanged conservation technology with other countries that have similar soil and water conservation concerns through scientific and technical exchanges; participated in international meetings and professional societies to share conservation technology and broaden and increase technical knowledge and professional capability. NRCS also provided opportunities for approximately 425 foreign nationals from over 40 countries to gain a better understanding of soil and water conservation activities by observing and discussing conservation programs in the United States. These representatives visited U.S. locations to study conservation programs in order to transfer applicable methods to their home countries.

Information Services: NRCS has a proactive and responsive information and public affairs program that keeps citizens fully informed about 1) increasingly complex conservation and environmental requirements of current legislation, 2) voluntary solutions to environmental concerns on farms and ranches and in rural and urban communities and 3) NRCS inventories of natural resource conditions and trends.

Current information initiatives target the critical issues of conservation compliance, wetlands, water management (quality and quantity), the new Natural Resources Conservation Service and ecosystem based assistance.

NRCS's information officers have accelerated their partnership building with other government agencies, with private industry, and with the media. These partnerships are helping us meet the diverse information needs of the American people, and providing us with essential feedback about the quality of our information program.

The Earth Team, NRCS's volunteer program currently has 12,200 volunteers who donate over 586,000 hours to assist operations in 1,700 NRCS offices.

This appropriation is further divided into subappropriation items as follows:

CONSERVATION TECHNICAL ASSISTANCE

Current Activities: Conservation technical assistance provides the basic foundation supporting cooperative and complementary conservation programs involving Federal, State, and local units of government, organizations, and private citizens. Many times, this assistance serves as the initial USDA contact with land users who participate in other USDA, State, and local conservation

programs. Assistance is provided by trained resource conservation and management specialists. These specialists inventory and interpret site-specific information about soil, plant, water, and other physical conditions to determine feasible alternative land uses and conservation treatment alternatives. This information is used in assisting land users to make decisions about land use and the conservation treatment systems that are needed to protect the resources from excessive deterioration. After land users make appropriate conservation use and treatment decisions, they receive technical help as needed, to apply the planned conservation treatment. This assistance may include design, layout, and on-site installation services to assure that the applied conservation treatment is of a high quality and serves the intended purpose. These services require professional skills from a variety of specialized resource management disciplines to achieve an interdisciplinary approach under a wide range of land ownership and use conditions. At the national level, NRCS specialists develop and maintain standards for conservation treatment, provide technology transfer, and serve as the Federal government's expert in matters concerning the conservation use and treatment of the Nation's private lands.

Overall, NRCS provided technical services to 1,067,000 land users and units of government for conservation purposes in FY 1994. As a result of these services, land users made conservation planning decisions on over 17.5 million acres of land and 463,000 land users applied one or more conservation practices to improve soil, water, and related resources on 64.4 million acres of non-Federal lands. The estimated value of the practices applied to improve this acreage was more than \$2 billion. Some of the long-term public and private benefits resulting from conservation planning and application assistance include reduced erosion and sedimentation, cleaner water, improved use of irrigated water, reduction of health hazards, improved fish and wildlife habitat, improved aesthetic qualities, flood prevention, and sustained food and fiber production at reasonable cost.

Summary of Progress: A breakdown of the total acres of non-federal lands treated with NRCS technical assistance in FY 1994 follows:

Non-Federal Land Treated with NRCS Technical Assistance
(Acres in Millions)

<u>Land Category</u>	<u>Total Acres</u>	<u>Acres Treated</u>	
		<u>Number</u>	<u>Percent of Total</u>
Cropland.....	445.4	22.6	5.3
Rangeland.....	431.6	29.9	7.4
Pastureland.....	135.0	5.0	3.8
Woodland.....	399.3	4.9	1.2
Other Land.....	62.6	2.7	4.5
Total.....	1,473.9	65.1	4.6

Examples of Current Activities and Progress:

Conservation Compliance on Highly Erodible Land: The conservation provisions of the Food Security Act directly impact persons who produce agricultural commodities on highly erodible land or converted wetlands and participate in certain USDA programs. NRCS has defined highly erodible land as those soils that have an erodibility index of 8 or more. Using this criteria, 118 million acres of cropland and 235 million acres of noncropland that has a potential to be cropped is classified as highly erodible land. However, because highly erodible land is determined on a field basis, an additional 42 million acres of non-highly erodible cropland is also impacted. Between 1988 and 1995 NRCS estimates that only 5 million acres of the highly erodible noncropland that has a potential for conversion to cropland will actually be converted. Additionally, about 5 million acres of the 70 million acres of wetlands in the United States will be affected by the wetland conservation provisions. Thus, these provisions impact 160 million acres or 38 percent of the nation's farmland.

As of September 30, 1994, 3.5 million highly erodible land determinations were completed. Of this total, 1.8 million were positive determinations and included over 148 million acres of highly erodible lands. 1.75 million conservation plans have been developed on 141.5 million acres of highly erodible lands to meet the December 31, 1994, deadline in the law. By the end of FY 1994, 88.7 percent of the conservation plans on highly erodible lands had been installed.

Wetlands Conservation (Swampbuster): The target date for completing the 3.1 million wetland determinations has been delayed due to inconsistent wetland definitions that have been used by the Corps of Engineers (COE), the Environmental Protection Agency (EPA), the Fish and Wildlife Service (FWS) and the NRCS to administer the different programs that impacted farmland. At the end of FY 1994, NRCS had completed 2.6 million wetland determinations of which 0.9 million were positive. Again, there is a continuing wetland related workload anticipated beyond the initial goal date. Activities will include determinations required for new participants, processing minimal effect exemptions, documenting the location and impacts of previously installed drainage systems, completion of wetland inventories, and making wetland determinations on non-USDA participants agricultural lands for the Corps of Engineers.

On August 24, 1993, the Clinton Administration proposed a comprehensive plan to improve the Federal wetlands program in response to public concerns that the Federal government needed to modify its wetland program by making it fairer and more effective for producers and other taxpayers. The proposed plan incorporates a cooperative working agreement between the COE, EPA, FWS and NRCS that makes NRCS the lead agency for determining wetlands on agricultural lands. The agreement will reduce duplication and inconsistencies among federal agencies. However, it will require NRCS to devote more time identifying, evaluating, and delineating these wetlands in order to carry out program responsibilities for both the Clean Water Act (404) and the Food Security Act (FSA/FACTA). The expanded responsibilities include making on-site delineations of all wetlands that have the potential of being altered on all lands intensively managed for agriculture (cropland, orchards, tree farms, etc), and providing oversight to private sector entities that make environmental assessments and wetland determinations to ensure consistency and quality of wetland determinations and delineations.

Wetland Determinations/Certifications: A goal has been established to complete wetland determinations and certifications on the estimated 4 million tracts of agriculture land over a five year period. By the end of FY 1994, NRCS has completed 2.6 million wetland determinations of which 0.9 million were positive. Certifications of wetland determinations made prior to the passage of the Food, Agriculture, Conservation and Trade Act on November 28, 1990 have not been started. The Memorandum of Agreement signed Jan. 6, 1994 concerning the use of wetland determinations made by the NRCS for both Swampbuster and Clean Water Act 404 purposes called for agreement to be reached among the signers to the MOA on the mapping conventions to be used by the NRCS in making these certifications and for some special training requirements. As of Sept. 30, 1994, the mapping conventions have been agreed to in all 50 states, Puerto Rico and the Pacific Basin Area. Work is underway by the agencies to insure coordination of the conventions between states and regions. Over 500 NRCS employees have already completed the special wetland determination training as called for in the MOA and more are scheduled throughout FY 1995. We estimate that we spent about \$32 million on implementing Swampbuster in FY 1994, and will spend approximately \$108 million in FY 1995 to accomplish our determination/certification goals and provide the other technical assistance needed on minimal effect determinations, restoration plans, scope and effect evaluations, etc. The additional \$76 million was available because the initial Food Security Act conservation plans have been implemented.

Wetland Reserve Program (WRP): The Wetland Reserve Program allows individuals to enroll farmed wetlands or converted wetlands in exchange for long-term or permanent easements. NRCS provides technical assistance to individuals submitting bids, determining eligibility, developing Wetland Rotation Plans, designs for restoration

projects, construction review, and wetland establishment review. Accomplishments to date include:

	<u>FY</u>	<u>\$'s Appropriated</u>	<u>Acres Accepted</u>	<u>Easements Filed</u>
	1993	\$45 million	49,888	34,064 (7/1/94)
	1994	67 million	73,864	0
Goal	1995	93.2 million	100,000+	

With the passage of The Reorganization Act of 1994, the NRCS's name changed from the Soil Conservation Service and the responsibility for administering the WRP program transferred from CFSa to NRCS.

Emergency Wetlands Reserve Program: As part of the emergency restoration package following the flooding of the Mississippi River and its tributaries in 1993, an Emergency Wetland Reserve Program was established to give farmers an alternative to bringing lands back into production which had been wetlands at one time. The program is patterned after the WRP program. As of Sept. 30, 1994 farmers had offered easements on approximately 33,000 acres of eligible lands for about \$14 million dollars.

Conservation Reserve Program: The Conservation Reserve Program (CRP) offers long-term rental payments and cost-share assistance to farm owners or operators to retire existing highly erodible and environmentally sensitive cropland from crop production for 10 years. A protective vegetative cover of grass or trees on the converted lands will reduce soil erosion and improve water quality and enhance wildlife habitat. No more than 25 percent of a county's cropland will be accepted for participation without a waiver from the Secretary. The 1990 Farm Bill expanded the criteria used for determining CRP land to include environmentally sensitive lands.

Over the life of the program, the 36.5 million acres (375,202 contracts) enrolled in CRP after the 12th program sign-up will result in a soil loss reduction of 698 million tons annually.

The following provides a summary of the current status of the program:

	<u>Cumulative</u>
Total Bids Received	535,221
Total Accepted Bids	375,202
Total Acres enrolled	36,528,410
Total Tree Area enrolled	2,487,752
Average Size of Contract in Acres	96

The first CRP contracts, covering roughly 2 million acres, will expire on September 30, 1995. The Secretary of Agriculture announced that producers with these expiring contracts will have the option to modify their contracts to extend the expiration date for a period of one year.

Agricultural Conservation Program (ACP): NRCS provides technical assistance to ACP participants for planning, design, layout, supervision, and certification that the practice meets standards and specifications. In addition to regular ACP assistance, the Water Quality Incentive Project (WQIP) was implemented in FY 1994 in 101 counties in 30 states.

Rural Abandoned Mine Program (RAMP): NRCS provides technical and financial assistance through 5-10 year contracts with land users. The objective of RAMP is to evaluate, design, and install needed conservation treatments to reclaim soil and water resources on rural lands adversely affected by past coal-mining practices. RAMP was authorized by Section 406 of the Surface Mining Control and Reclamation Act of 1977, P.L. 95-87, as amended by the Abandoned Mine Reclamation Act of 1991, P.L. 101-508. Land users in 20 states have submitted 4,602 program applications (on 106,864 acres) for assistance under the program. New RAMP contracts were signed with 110 land users in FY 1994 obligating \$8.6 million. To date, NRCS has signed a total of 1,295 contracts for the reclamation of 17,250 acres, obligating \$118

million. Accomplishments to date include 14,000 acres reclaimed, 2,750 health and safety hazards eliminated, and 1,250,000 tons of soil erosion prevented annually. Water quality has been improved in 60,025 acres of lakes and 805 miles of streams. Funds for the operation of RAMP are transferred to NRCS by the U.S. Department of the Interior, from funds appropriated from the Abandoned Mine Reclamation Trust Fund. Coal miners pay 35 cents per ton of coal mined from surface mines and 15 cents per ton of coal from underground mining into this fund.

Colorado River Basin Salinity Control Implementation: The 1984 amendments to the Colorado River Basin Salinity Control Act, in Public Law 98-569, gave USDA a separate authority for developing and implementing a voluntary and cooperative on-farm salinity control program.

The Colorado River Salinity Control (CRSC) program objectives are to reduce salt loading in order to enhance and protect the quality of water available in the Colorado River for use in the United States and Mexico (Public Law 93-320, Colorado River Basin Salinity Control Act). Key provisions of the program are the nonFederal cost-share reimbursement requirements from the hydroelectric power revenues of the Upper and Lower Colorado River Basin development funds and the authority to cost-share with irrigation districts and canal companies. Major NRCS activities include development of project plans, and to provide technical assistance for the installation and operation and maintenance of salinity reduction practices and with emphasis on irrigation water management. This includes assistance in planning, application, and maintenance of wildlife habitat practices. In addition, NRCS is responsible for monitoring and evaluating the technical aspects of the salinity program.

Implementation continued in the Grand Valley, McElmo Creek and Lower Gunnison projects in Colorado; Uinta Basin project in Utah; and the Big Sandy River project in Wyoming. A total of 286 contracts involving \$13,783,000 in technical and financial assistance were approved in 1994.

Annual salt load reduction for FY 1994 resulting from salinity reduction practices totaled 25,366 tons for the five projects.

The planning report and environmental impact statement for the Price-San Rafael Rivers unit was completed in December 1993. The salinity investigation completed in the San Juan River Basin in New Mexico recommended that the unit be studied further to produce an irrigation plan that will reduce irrigation return flow and salt loading to the San Juan River which ultimately flows into the Colorado River.

Water Quality: NRCS, Extension Activities, and the Consolidated Farm Services Agency (CFSA), formerly the Agricultural Stabilization and Conservation Service (ASCS), support the USDA Water Quality Initiative (WQI) through education, technical and financial assistance. Nonpoint source hydrologic unit areas, water quality demonstration projects, regional project initiatives, and Agricultural Conservation Program water quality special projects are the principal assistance activities of the USDA WQI plan.

Nonpoint Source Hydrologic Unit Area Assistance (HUA). HUA's are selected to remedy state identified surface and/or ground water quality problems. Projects are located in areas where impairment of water quality by agricultural nonpoint sources is significant. The projects are coordinated with state management programs developed under Section 319 of the Water Quality Act of 1987. NRCS, CFSA and CSREES in cooperation with state water quality agencies, local units of government and private interest groups develop detailed plans of work for HUA's. Seventy-four areas have been selected and are under implementation. NRCS water quality specialists are delivering planning and application assistance to farm and ranch operators. NRCS continued to upgrade and transfer water quality technology and information to cooperators as it was made available from technology development and data base efforts such as using polymers to control irrigation induced erosion and utilizing composters for dead birds and swine disposal. CFSA provided financial assistance to agricultural operators to install planned water quality practices.

An automated water quality progress reporting system was developed for use by the HUA's to capture water quality benefits to include nutrient, pesticide and wellhead protection management indicators. Computer hardware and Field Office Computer System software was installed to inventory and collect natural resource and management activities by land tract. Progress was made in using Agricultural Research Service (ARS) water quality computer simulation models and water quality monitoring to estimate HUA water quality benefits.

Water Quality Demonstration Projects. The demonstration projects represent geographic areas with specific combinations of agricultural activities and water resource conditions that impact water quality. Treatment practices are developed to remedy water quality problems, and through the farm demonstration process, these practices are expanded to other areas with similar agricultural and water quality conditions. NRCS has worked in cooperation with CSREES, ARS, CFSA, the Cooperative State Research Service and the Economic Research Service to develop a comprehensive plan of work for the demonstration projects. Sixteen projects have been implemented and are providing assistance to land operators. Data has been gathered and compiled to establish a water quality baseline from which progress can be measured in meaningful terms such as the adoption of water quality practices in the immediate and adjacent areas, and an evaluation of the original eight demonstration projects started in FY 1990 is on-going to determine what is being accomplished and how to improve program delivery of the Water Quality Initiative. To assist in this evaluation, NRCS and CSREES entered into a contract with the University of Wisconsin to conduct farm owner/operator surveys to determine adoption rates of water quality practices among USDA program participants and nonprogram participants and assess the effectiveness of water conservation practices in a competitive, for profit, farm setting. CFSA provided financial assistance to assist agricultural operators in the adoption of water quality practices in demonstration projects.

Regional Project Initiatives. Regional projects include the Chesapeake Bay, the Puget Sound, Long Island Sound, Gulf of Mexico, Great Lakes, Land and Water 201, Lake Champlain, the Coastal Zone Management Program and the National Estuaries Programs. USDA involvement in these projects is centered on reducing agricultural nonpoint pollution through ongoing programs that provide education, technical, and financial assistance to individual farmers, ranchers, and communities. A coordinated approach to monitoring and evaluation has been undertaken to determine the level of success of ongoing programs and to improve future efforts. The process focuses on reductions in pollutant loading; model extension of load reduction effects below the root zone and beyond the edge of the field; and measured change in the conditions of surface and groundwater conditions. It also includes an assessment of practices installed and the effects of these activities upon production agriculture. NRCS involvement in the Regional Project Initiative included participation with state and local water quality agencies, other Federal agencies, and international representatives in developing overall plans of action to meet the nonpoint source water quality needs in the project areas, and technical assistance provided to agricultural operators in implementing the completed plans. NRCS has: accelerated technical assistance to plan, design, and implement best management practices to protect both surface and ground water by controlling nonpoint source point pollution from agricultural and urban lands and control excess animal wastes; provided technical standards and specifications for state cost-share programs; provided technical supervision and training for conservation district technicians; and provided outreach to encourage landowners/operators in critical areas to participate in nonpoint source implementation, phosphorus reduction, and erosion control. Watershed resource inventories for use by local action committees were developed; wetlands were identified and mapped; environmental assessments and tillage surveys were conducted; interagency agreements were signed to better facilitate and coordinate activities with other Federal agencies, State agencies, and international commissions and Provincial agencies; and NRCS officials served on several committees with other Federal, State and International representatives to address common water quality concerns.

Technology and Data Base Development. Technology and data base development is used to provide policy, planning and implementation tools needed for the Water Quality

Initiative. Information contained in the National Resources Inventory (NRI) and data bases in the areas of soil survey, agrichemicals, climatology, and plant materials is being integrated and compiled to provide relevant information that will focus water quality efforts on areas where combinations of factors (i.e., land use, crop productivity, agrichemical use, climate, soils, etc.) threaten both surface and/or groundwaters. NRCS is updating water quality practices (i.e., pesticide management, nutrient management, agricultural waste management composting, constructed wetlands and filter strips) for the NRCS Field Office Technical Guides to reflect existing and new research results as they relate to local resource conditions. NRCS has also: developed and conducted water quality training exercises for personnel in the agency as well as outside the agency; developed Geographic Information Systems which are used to evaluate specific site conditions, support water quality problem identification, and plan appropriate preventive measures; developed Field Office Engineering System (FOES) computer software to assist in the design of structural water quality practices; and reviewed the applicability of existing water quality simulation models to assist in progress reporting, analysis, and evaluating water quality activities.

Interagency coordination for water quality activities includes the following efforts:

Conservation Liaison positions have been established in 10 EPA regional offices and EPA national headquarters to provide conservation support for nonpoint activities relating to Section 319 of the Clean Water Act. Sixty-three similar positions have been established to support state environmental agencies. An additional liaison position has been established with EPA, TVA and Southeastern Egg and Poultry Association. This position provides a liaison for water quality needs with the regional poultry association.

Direct coordination between NRCS and the Cooperative State Research, Education and Extension Service (CSREES) continues through the Education and Technical Assistance Committee to support the implementation of Water Quality Initiative (WQI) elements. This committee oversees the selection, planning and implementation of the nonpoint source Hydrologic Unit Areas and Demonstration Projects. Committee representation includes CFSA, ARS, CSREES, FS, EPA, NOAA and USGS.

Research in the area of agricultural related nonpoint source pollution is being coordinated with ARS, FS, EPA and USGS through the interagency Technical Integration Group to develop necessary conservation practices, evaluation procedures and research plans.

To coordinate the NRCS water quality effort, the agency has completed a Five-Year Water Quality Action Plan that identifies program and technology objectives and actions to implement the USDA WQI. This plan, in concert with the State Water Quality Plan and water quality supplements to the NRCS Field Office Technical Guide, provides guidance for future water quality and quantity activities.

Natural Resources Inventory: Through this program, the Natural Resources Conservation Service collects, interprets, analyzes, displays, and distributes data on natural resources and the environment. The primary focus on the program is collecting and reporting statistically reliable data on the status and condition of natural resources on non-Federal lands, and supporting interpretation and spatial analysis of this data. Access to the data is via computers and geographic information system technology.

Inventory and monitoring also includes making special resource interpretation maps, reporting on wind erosion conditions in the Great Plains states, and conducting special inventories and updates on topics such as shelterbelts and wetlands. These activities provide technical resource data and interpretations for application in national, regional, and local land use and conservation program decisions, assessment of ecosystems, and support for public policy.

The inventory and monitoring program is authorized by the Rural Development Act of 1972 (P.L. 92-419) and strengthened by the Soil and Water Resources Conservation Act (RCA) of 1977 (P.L. 95-192), the Food Security Act of 1985 (P.L. 99-198), and the Food, Agriculture, Conservation and Trade Act of 1990 (P.L. 101-624). Since the passage of the Rural Development Act of 1972, the Natural Resources Conservation Service has completed four National Resources Inventories (NRI) at 5 year intervals (1977, 1982, 1987, and 1992). The five year cycle involves continuous planning, training, quality assurance in data collection and statistical processing, analysis, and evaluation. The data elements collected during these inventories can be grouped into eight major categories: (1) soil characteristics and interpretations; (2) land cover, (3) land use; (4) erosion; (5) land treatment; (6) conservation treatment needs; (7) vegetative conditions; and (8) potential cropland.

Analysis and use of NRI data continues to address natural resource conservation and environmental issues and concerns such as those related to the 1985 and 1990 farm bills, water quality initiatives, and changes in wetlands. The NRI provides information for formulation of state and national policies and programs, development of conservation legislation, allocation of funds, and placement of personnel. The data are also used by other Federal agencies, state governments, universities, consultants, the media, and environmental, commodity and farm groups.

Specific concerns to which efforts are now being directed are as follows:

1. Release of data from the 1992 NRI. Formally released at a Secretary's news conference in July 1994, the 1992 NRI data show that soil erosion on cropland was about 25 percent lower than in 1982, largely because of land retirements under the Conservation Reserve Program and farmers' implementation of conservation plans under the conservation compliance provision of the 1985 farm bill. Another important finding was the significant decrease in conversion of wetlands to agricultural uses. The Natural Resources Conservation Service is continuing to analyze the 1992 NRI data.
2. Information and education efforts related to the 1992 NRI data release. The Natural Resources Conservation Service is reaching out to media and to environmental, conservation, farm, and commodity groups to broaden the understanding and use of NRI data. Agency personnel will offer to meet with leaders of such groups and are planning for publication of a program brochure describing the NRI; a series of monographs, each devoted to a single topic or issue; a series of publications highlighting the NRI findings; and a full-color atlas and basic statistics report of NRI findings. A comprehensive training package is helping both agency and outside people develop a fuller understanding of the NRI and other natural resource data and make better use of the database.
3. Exploring techniques to improve inventory operations. Geographic information systems are providing data analysis and display. Developmental activities are being funded to better identify residue cover, seek water quality data, improve data collection procedures, use image processing and other technical tools, and link Forest Service inventory data with Natural Resources Conservation Service databases. A major initiative is underway to move toward more coordinated or integrated resource inventories with the Forest Service. USDA's National Agricultural Statistics Service (NASS) and several other agencies are also part of this effort. Preliminary planning now underway could lead to a joint demonstration project in northern Oregon next summer.
4. Reporting wind erosion conditions for the 10 Great Plains States. Each year during the November 1 to June 1 wind erosion season, Natural Resources Conservation Service staff in 541 Great Plains counties prepare estimates of acreages of cropland, rangeland, and other land damaged by wind erosion, crops and cover destroyed, land prevented from damage by emergency tillage, and land that is highly susceptible to wind erosion. They also identify the major factors contributing to soil and crop damage by wind during each season.

These factors include soil surface condition, soil moisture, protective soil cover, winds, and precipitation events. The report is used for information, to alert conservationists and others on the extent, seasonal variability, and severity of wind erosion in the high-hazard areas, and as a basis for planning, installing, and evaluating appropriate conservation measures.

5. Conducting special inventories. The concept of special inventories began in the mid-seventies with the Potential Cropland Study, a look at what lands could easily be converted to cropland. The shift in thinking in agriculture--from an emphasis on fence-row to fence-row production to topical annual inventories based on natural resource conservation--is reflected by a more recent special inventory of wetlands, conducted in 1991. In fiscal year 1995, the major special inventory for the Natural Resources Conservation Service will be an update of the NRI cropland erosion data to reflect changes since the 1992 growing season, and particularly to measure as fully as possible the effects of conservation compliance and other conservation programs that arose from the 1995 farm bill. Additionally, the Natural Resources Conservation Service is cooperating with the Economic Research Service, NASS, and the U.S. Geological Survey in the USDA Area Study Program, which is designed to provide chemical use and farming practice information in large watersheds to support the USDA water quality initiative. The agency will also examine the NRI as a basis for evaluating program accomplishments in line with the Government Performance and Results Act.

Strategic Planning: NRCS has implemented a formal strategic planning process. A strategic plan has been developed and approved by the NRCS Chief and management officials throughout the Agency. The Chief and staff consulted with a wide array of customer groups, such as the National Association of Conservation Districts, farm groups, environmental groups, and USDA Agencies and had input from the field staff to define the needs and expectations of NRCS's clients. The strategies are to:

- Anticipate key natural resource issues and propose effective policies to address them.
- Encourage voluntary solutions to natural resource problems. Fairly and efficiently administer regulatory roles legislated to the agency.
- Provide ecosystem based assistance to our customers for the integrated management needed to sustain natural resources.
- Promote the efficient management of water and the enhancement of its quality.
- Maintain a highly-skilled, diverse work force capable of providing quality customer-oriented service.

A National action plan for each strategy has been developed and initiatives are being incorporated into Annual Plans of Operations throughout NRCS. The strategic initiatives are the basis for budget requests and the agency's annual business plan.

Quality Services and the Customer Service Plan:

Customer Service. The National Performance Review and the resultant Presidential executive order required all departments in the Executive Branch to develop a plan for improving service to their external customers. The emphasis was on providing customer service equal to the best in the private sector.

NRCS developed its customer service plan in August 1994. Input from both its internal and external customers was used to develop this plan. The plan includes a timeline for surveying the agency's external customers and developing customer service standards. The information gained from the customer surveys will be used to develop the customer service standards. The agency will measure its performance in customer service against these standards. NRCS will also select a company in the private sector to benchmark its customer service efforts against.

Total Quality Management. The Strategic Planning Team has assumed the responsibility of integrating Total Quality Management (TQM) into daily NRCS operations. To do so, a TQM instructor cadre has been formed. The cadre is made up of NRCS employees from both inside and outside National Headquarters. Cadre members have conducted numerous training sessions designed to familiarize participants in the concepts of TQM and in the application of these concepts. This effort is expected to be completed in fiscal year 1995. The national technical centers will assume this responsibility in fiscal year 1996.

Performance Measurement. In March 1994 the NRCS initiated conduct of an evaluation of the Conservation Technical Assistance (CTA) and Watersheds Programs (WP). These are the two major programs of the NRCS for delivery of technical assistance to land users and units of government.

There are two major components to the evaluation. One is to document effects or outcomes. The second is to account for use of time at all levels of the organization. The data for outcomes will be gathered through a sample of statistically selected counties where data will be collected and interpreted on a nationally consistent basis. Accounting for time will be accomplished by tracking and documenting activities through a log worksheet for a statistically selected samples of employees at all levels of the agency. The purpose of the evaluation is to account for use of time, appropriations, and costs with respect to ecosystem based products. Initial reports from the evaluation are expected in March of 1995 with final results to be available in March of 1996.

Natural Resource Appraisal and National Conservation Program (NCP). NRCS has leadership for USDA for the development and preparation of the resource appraisal, national conservation program, and statement of policy as authorized by the Soil and Water Resource Conservation Act of 1977 (P.L. 95-192) (RCA), as amended by the Food Security Act of 1985 (P.L. 99-198) extends the authority to the year 2008. Activities carried out under this act, and authorities otherwise contained in the act of 1935 (P.L. 74-46), help NRCS, USDA, and Congress, soil and water conservation districts, and other Federal, State, and local agencies identify the magnitude and complexity of soil and water resource problems; identify the present and likely future demands on the soil, water, and related natural resources of the Nation; formulate and resolve natural resource policy issues; and make needed shifts toward the highest priority conservation tasks.

In 1980, the first Appraisal was issued and used to formulate the first NCP in 1982. The Second Appraisal, published in 1989 provided the basis for the 1988-97 NCP update. The Third RCA Appraisal for 1997 is directed toward the achievement of a better understanding of the environmental agricultural production alternative choices for ecosystem management and their relationships with each other at the global, national, regional, watershed, and farm level of analysis. Annual progress reports and reviews are scheduled through 1997. It will:

- o Assess the condition and trends of soil, water, and related resources on non-Federally owned lands.
- o Project the short and long-term environmental quality and sustained agricultural conditions which would be attained under alternative agricultural production, conservation, commodity, environmental, and trade policies and their affect on the environment, producers, and the economic, social, and institutional structure of rural America.
- o Evaluate Federal/state/local conservation partnerships to further the protection, conservation, and enhancement of the environment for sustained production.
- o Assess the use, management, and conservation of cropland, forestland, rangeland, pastureland, and wetlands in meeting the role of total resource management and multiple conservation benefits.
- o Address emerging resource issues and tradeoffs.

The 1988-97 National Conservation Program Implementation. The key components of the 1988-97 NCP are to increase:

- Concentration on problems identified as national priorities (i.e., reducing excessive soil erosion and protecting water quality and quantity).
- Cooperation with members of the conservation partnership of Federal, State and local agencies and private organizations.
- Improving consistency between conservation programs and other farm programs to ensure that all USDA farm programs support conservation goals.

NRCS has made progress in developing and implementing actions to support each of the program components. For example, the erosion priority is being addressed under the terms of the Food Security Act. In response to the President's Water Quality Initiative, NRCS is evaluating the extent to which USDA water quality projects are cost effectively protecting and improving waters from agricultural nonpoint source pollution. NRCS is evaluating the extent to which USDA water quality projects are cost effectively protecting and improving waters from agricultural nonpoint source pollution. NRCS conducted a case study evaluation of FSA implementation in 14 counties and 4 states during 1993. Focus group sessions were held with producers, on-site field visits were conducted, and local agency administrators were interviewed as part of the evaluation. The evaluation visits were completed the first week of October, 1993. A report on the findings was prepared and released in October, 1994.

NRCS's expanded capability for policy analysis. Examples of specific initiatives to which efforts are being directed include:

- The development of a long-range strategic plan for defining the issues which are critical to soil and water conservation and to the conservation partnership in dealing with these critical issues.
- Adaption of existing models and development of new techniques to estimate impacts of alternative conservation policies and programs on soil, water, grazing land, wildlife, and human well-being at the farm, regional, and national levels.
- Strengthen the conservation partnership by: Providing improved analytical methods to identify the benefits and costs of conservation policies; cooperating with the University of Tennessee to develop sustainable agriculture enterprise budgets for limited resource farms in the mid-South; providing leadership for assessing the impact of the USDA/1890 Institution initiatives; and providing financial support of a pilot program in 10 states for building the leadership capacity of the Soil and Water Conservation Districts.
- Evaluating the water quality demonstration projects and hydraulic unit acres authorized under USDA's 5-Year Water Quality Initiative. For a representative set of 16 projects, an interim evaluation was completed that assessed progress toward goals of installing water quality sensitive conservation practices, of improving agrichemical management, of reducing leaching and runoff of nutrients and pesticides, and of measuring improvements in water quality.

SOIL SURVEYS

Current Activities: The NRCS has leadership for the National Cooperative Soil Survey (NCSS). It is the only soil survey conducted by Federal, State, and local units of government and State Agricultural Experiment Stations. The NCSS is the process through which soils are studied in the field and in the laboratory. They are described and the boundaries plotted on aerial photographs. Soil

interpretations explain alternative uses and behavior of the soils. The results of research on soils and of experience in using them contribute to these explanations.

The objective of the NCSS is to provide and maintain soils information in both published copy and digital copy that meets the users needs and supports those users in the use of that information. Digital data is provided at three levels of generalization. Soil Survey Geographic Data Base (SSURGO) is the most detailed level of information and is used primarily by landowners, townships, counties or parishes, and watershed hydrologic units for planning and resource management. State Soil Geographic Data Base (STATSGO) is used primarily for multi-county, state, and river basin planning and resource management and monitoring. National Soil Geographic Data Base (NATSGO) is used primarily for multi-state, regional, and national planning and resource appraisal, monitoring, and appraisal. Soils information is used by many Federal, State, and local organizations, and individuals.

Because of the Geographic Information System (GIS) technology, these agencies, organizations and individuals have increased their demand for a computerized digital copy of this basic resource information. This technology has also increased the kinds of interpretations requested by old and new users, and has led to an increased workload for updating and maintaining existing soil information in a digital format. About 10 percent of the completed soil surveys are now available in digital format.

The first soil surveys made were primarily for agricultural purposes. In about 1950, the soil survey program was revised and soils were identified and classified using basic soil properties. This enabled soils to be interpreted for additional users such as urban planners, engineers and other resource managers. By identifying the additional soil properties important to these particular users the usability of soil surveys was expanded. The National Soil Information System (NASIS), currently being developed, will further expand the usability of soil surveys. This information system will make information on soil properties available electronically for each soil survey.

A system of soil classification used in making soil surveys, called Soil Taxonomy, has been developed by NRCS in cooperation with other interested agencies of State and local governments and many foreign contributors. Close adherence to this system allows knowledge and experience gained from one soil in one area to be used in other areas where the same kind of soil occurs. This is extremely useful since soil properties are rarely uniform over broad areas.

A soil survey is the basic inventory that forms the foundation for most NRCS programs. It also provides information critical for water quality, waste disposal and wetland programs for other agencies. It is the basis for determining the potential soil erosion hazard, wetlands, susceptibility or potential for ground water contamination, and suitability and productivity for cultivated crops, grasses, and trees. It is the basis for the conservation alternatives NRCS provides to those who request assistance. It enables land users to predict how each kind of soil will respond to use, management, and treatment. Soil surveys are also of importance to planners, engineers, zoning commissions, tax commissioners, homeowners, developers, and others. Many have suffered severe losses when facilities were located on unsuitable soils for which appropriate treatment was not provided to compensate for unfavorable soil conditions. In many instances, the use of soil survey information in construction site selection can decrease initial construction cost as well as maintenance cost.

Soil surveys also provide a basis to help predict the impact of global warming on worldwide agricultural production and other land dependent processes. NRCS provides soil scientists to assist users in understanding and in adapting the soil survey information to their particular needs.

Selected Examples of Recent Progress: As of September 30, 1994, soil maps that meet the current standards for all potential users had been prepared on nearly 1.7

billion acres or about 75 percent of the country. During FY 1994, NRCS soil scientists mapped and updated 22,157,352 acres, and another 3,251,565, acres were mapped and updated by other Federal, State, and local agencies in cooperation with NRCS for a total of 25,408,917 acres mapped in FY 1994.

Soil mapping priority is currently being directed toward completion of all previously unmapped private lands and updating mapping and interpretations that no longer meet user needs and requirements. An initiative is also underway to digitize modern published soil surveys.

State, local, and other Federal agencies involved in the NCSS provide about 15 percent of the funds and 20 percent of the personnel services used to produce soil maps and interpretive data.

Soil Survey Publications: A total of 53 soil surveys were edited and sent to the Government Printing Office during FY 1994. Forty-seven were for new surveys and 6 were reprints of previously published surveys. Soil surveys for 41 counties or soil survey areas were published in FY 1994. Thirty-one of the surveys published were for new counties, and ten were reprints of previously published surveys.

SNOW SURVEY AND WATER SUPPLY FORECASTING

Current Activities: Snowmelt provides about 80 percent of the stream flow in the west. NRCS conducts snow surveys and develops water supply forecasts for water users in 11 Western states and Alaska. Agriculture, municipal, industrial, hydropower, and recreation water users are the primary recipients of these forecasts, but fish and wildlife activities also use them to carry out their mission. Data from some 850 manual snow courses and 576 automated SNOTEL (for snow telemetry) sites along with 575 stream gauges, 310 reservoirs, and 1,200 precipitation stations and 2,000 climatological stations are used to generate user products through an automated centralized forecasting system. Data are collected by NRCS in cooperation with other Federal, State and local agencies, power companies, irrigation companies, and the Provincial Government of British Columbia.

The centralized forecast system supports numerous computer programs and analysis routines to translate this basic data into water supply forecasts and other value added products. These products then support water resource management and related ecosystem based conservation activities at the national, state, and field office level. The centralized forecast system hosted 26,000 separate information accesses by users through telecommunications in 1994. Almost half these accessions were made by other Federal agencies and cooperators who rely on NRCS collected information for a multitude of natural resource management activities.

Water supply forecasts are issued cooperatively with the National Weather Service beginning in January and concluding in June. The water forecasts help irrigators make the most effective use of limited water supplies for agricultural production needs. Other Federal agencies and private organizations also use water supply forecast information to help them carry out their missions. These forecasts assist the Federal government in administering international water treaties with Canada and Mexico. State governments use the information in managing intrastate streams and interstate water compacts. Municipalities use the forecasts to plan the management of the anticipated water supply early in the year. The operation of reservoirs satisfying multiple-use demands is also heavily dependent on timely, accurate water supply forecasts. Millions of dollars of potential flood damages are saved annually by flood control operations in western reservoirs. Timely snowmelt and precipitation data collected by NRCS SNOTEL network is a key element in flood control operations.

Since 1987, much of the west has experienced an ongoing drought. Water supply forecasts and related products help mitigate drought impacts, especially in agricultural areas.

The upgrade of the field components of the SNOTEL data collection network has been completed and now the focus of program activities has shifted into the area of improving precision in information measurement, transmission and timely transferring to the public. Another 200 remote SNOTEL sites are planned to provide the information needed for water supply forecasting and associated natural resource management activities. The SNOTEL system is currently limited because it does not include required soil moisture and temperature data for the soils research and forecasting and modeling purposes. In an attempt to broaden the scope of the data network, a pilot project has been implemented to apply meteor burst technology for soil moisture and temperature data and other applications, such as wind erosion monitoring and water quality.

During 1994, the Natural Resources Conservation Service's Climatic Data Access Facility (CDAF) maintained a national, on-line database. Located at the West National Technical Center, CDAF provides climatic data and analysis required for agency-wide ecosystem-based assessment and other conservation activities. CDAF's climate database supports rapid data access and exchange through the USDA/FTS2000 backbone communications system. An Internet Homepage has been developed that supports interagency partnerships in common ecosystem management activities requiring climatic data.

Notable accomplishments during fiscal year 1994 for the CDAF include the following: (1) generation of new annual precipitation maps for five Western states in cooperation with other USDA agencies and state climatologists, (2) on-line climate support for wetlands determinations nationwide, (3) joint participation with the United States Forest Service, National Weather Service, and Bureau of Reclamation in developing and teaching an interagency Weather and Climate Course for Resource Managers, (4) design and prototype implementation of a climate database design that supports the NRCS Field Office Computing System (FOCS), (5) creation of a serially complete daily climate dataset for Kansas in support of departmental ecosystem modelling, (6) evaluation and documentation of the ARS climate generator (CLIGEN), (8) generation of 56 DRAINMOD datasets for wetlands determinations, and (9) creation of 25 climatic narratives for NRCS Soil Survey Reports.

PLANT MATERIALS CENTERS

Current Activities: Plant Materials Centers (PMC's) are operated by or receive technical assistance from NRCS for developing conservation systems using plant materials. The process may include developing techniques for the effective use of plants and assembling, testing, selecting, releasing, and providing for the commercial production of plants to protect and conserve our natural resources. The priority of plant materials development is determined by the objectives and priorities of the NRCS Strategic Initiatives for the 1990's and specific conservation problems within each PMC's service area. Special emphasis is currently being placed on: (1) reducing erosion from cropland by selecting cover crops and developing systems for their use to provide winter cover on low residue crops; (2) improving and protecting the quality of surface and groundwater by developing filter strips between cropland and streams, developing the plants and technology for bio terraces, and developing artificial wetlands for removing pollutants from waste water; (3) creating, restoring or managing wetlands; (4) protecting grazing resources - range, pasture and forestland - by developing productive, longer-lived native forage varieties, and managing desirable native plants to control the spread of noxious weeds; (5) protecting upland riparian areas and coastal shorelines; (6) developing plants and systems for their use that support low input sustainable agriculture such as replacing erosive annual forage crops with perennial plants for use on highly erodible cropland; and (7) accelerating commercial production of previously released conservation plants in high demand for use in conservation programs.

Significant progress has been made on initiatives included in the Plant Materials Centers Program Strategic Plan that was approved in April, 1992. Technical capabilities of the PMC's are rapidly improving. A methodology for national and multi-PMC coordination is being implemented. Policy for accelerating technology

transfer activities by collection and use of royalties from new plant releases has been issued and is being used. Adjustments in PMC locations and service areas have been made to serve our clients better and build partnership with other agencies. Improvement in the automation of data gathering is progressing on schedule which will result in faster technology transfer to the end user of plant materials results. The work at the centers includes cooperation with other Federal and State agencies, agriculture experiment stations, State departments of natural resources, conservation, wildlife, and seed and nursery associations to encourage production and promotion of improved plants. Plant Materials Centers and the National Park Service continued an excellent cooperative effort to revegetate sites disturbed in parks with plant materials for the disturbed site. This effort has been used as a prototype for developing a similar relationship with the U.S. Army and the entire agency.

Comparative Plant Testing: During FY 1994, approximately 23,000 plant collections were being comparatively evaluated in 60,000 plots by the PMC's. These plants are being evaluated for cropland cover crops, artificial wetlands, protecting range, pasture and forest resources, stabilizing critical areas such as sand dunes, streambanks, and shorelines, road cuts and fills, utility corridors and surface mined lands, grass hedges, and replacement of annual forage plants with perennials, and for wind breaks to protect cropland. An increasing emphasis is being placed on the collection and evaluation of native plant materials for these uses. The final evaluation of new plants and cultural methods is made on farms and ranches in conservation districts under actual use conditions. There are nearly 2,000 such tests underway now.

Plant Releases for Commercial Production: The NRCS, over the years, has released over 350 different varieties of conservation plants to commercial producers. Some varieties have been replaced with superior plants. Currently, about 250 improved varieties are in commercial production and used in conservation programs. Nine new plants were released 1994.

Commercial production of NRCS released conservation plants in FY 1993 was approximately 17 million pounds of seed and 32 million plant seedlings. The commercial value of this production was more than \$110.0 million.

PLANT MATERIAL CENTER RELEASES FOR 1994

PMC	CULTIVAR	COMMON NAME	SCIENTIFIC NAME
GA	AU Early Cover	Hairy Vetch	Vicia villosa
GA	AU Ground Cover	Caley Pea	Lathyrus hirsutus
ID	Rush	Intermediate wheatgrass	Elytrigai intermedia
ID	Schwendimar	Thickspike wheatgrass	Elymus lanceolatus ssp. lanceolatus
NJ	Ocean View	Beach plum	Prunus maritima
NJ	Sandy	Rugosa Rose	Rosa rugosa
NJ	Wildwood	Bayberry	Myrica pensylvanica
OR	Douglas	Crested Wheatgrass	Agropyron cristatum
OR	Vavilov	Siberian crested wheatgrass	Agropyron fragile

Plants for Solving Conservation Problems: Some of the major soil conservation problems for which plants are currently being evaluated including emphasis on emerging problems are as follows:

1. Cropland erosion. Conservation plants that are both compatible with the cropping systems and reduce erosion are being developed. This will assist future conservation compliance efforts. The recent cover crop releases and results from nutrient uptake studies are being applied. No-till cotton production, developed by the Jamie L. Whitten PMC, is being widely expanded and used in Mississippi and the adjacent states.
2. Water Quality. The use of constructed wetlands for improving the quality of water coming from agricultural waste, based on technology developed by

PMC's in Georgia, Oregon, Kentucky, Idaho, New Mexico and other PMC's is being applied. Four PMC's are currently evaluating grass and other plant species for their ability to uptake plant nutrients from runoff or from the soil profile. The Georgia PMC has released four plants, and the technology for their use, to use in wetlands for improving water quality. This work incorporated into NRCS specifications.

3. Wetland restoration and creation. The New Jersey and Louisiana PMC's have developed the technology to restore salt water marshes in coastal areas. The New Jersey PMC released smooth cord grass, a native, for use in building coastal marshes along the Atlantic coast. It is being widely accepted. Four PMC's have initiated studies that will lead to alternative species and methodology for creating fresh water wetlands. The Jamie L. Whitten PMC published a national source list of wetland plants which is also available electronically. These PMC's are developing alternative release procedures to get plants to the client more quickly.
4. Range, pasture and forest grazing lands. Protecting range, pasture and forest grazing lands and improving forage quality and quantity continues to receive special emphasis particularly on low fertility, shallow, saline, or alkaline soils, and for use in arid and semiarid areas. Native species are receiving renewed attention.
5. Low input sustainable agriculture. Plants and systems are being developed to support low input sustainable agriculture. There is a growing emphasis and priority at PMC's to address this potential. Significant progress is being made in finding a perennial grass to replace corn silage. Because there is no residue remaining following the harvest of corn silage, the land is exposed to surface erosion over the winter. This is a particular problem where corn silage is commonly grown on sloping land. Perennial grasses which produce 60-70 percent as much total digestible nutrients as corn show potential. It's use will reduce fertilizer, energy and herbicide input significantly and eliminate erosion. Easkin gamagrass is emerging as the most promising plant. Field trials are underway now, testing the process and superior germplasm.

Renovation of Facilities and Equipment at Plant Materials Centers: FY 1994 was the fifth of a five-year program to renovate facilities and equipment at PMC's. This program will significantly improve the efficiency and capability of PMC's when completed.

USDA Plant Names Data Base: A data base became available for use by all USDA agencies, other Departments, universities, and private groups called Plant List of Attributes Nomenclature, Taxonomy and Symbols (PLANTS), that standardizes the use of plant names. It is a part of INFOSHARE. Progress has been possible through the partnership with the University of North Carolina, Biota of North America program. PLANTS now contains attribute information including distribution, source (native or introduced), type (grass, forb, tree, etc.) and other data used in plant automation programs.

Vegetative Specification Data Base: Data from PMC's and other sources has been organized into a 1500 plant database that will be released in 1995 for use by our field offices and others that will select the desirable plant species to use for solving specific conservation problems.

Twenty-two PMC's are operated by NRCS and four by cooperating agencies or by others. They are:

Operated by NRCS:

Tucson, Arizona
Booneville, Arkansas

East Lansing, Michigan
Coffeeville, Mississippi

Lockeford, California
Brooksville, Florida
Americus, Georgia
Molokai, Hawaii
Aberdeen, Idaho
Manhattan, Kansas
Knox City, Texas
Nacagdoches, Texas
Pullman, Washington

Elsberry, Missouri
Bridger, Montana
Cape May, New Jersey
Big Flats, New York
Corvallis, Oregon
Kingsville, Texas
Golden Meadow, Louisiana
Beltsville, Maryland
Beckley, West Virginia

Operated by Cooperating Agencies with Technical Assistance and Funding by NRCS:

Los Lunas, New Mexico (New Mexico State University)
Bismarck, North Dakota (North Dakota Association of SCD's)
Meeker, Colorado (White River and Douglas Creek Soil
Conservation Districts with partial funding from NRCS)

Project	1994 : Actual	1995 : Estimated	Increases or : Decreases	1996 : Estimated
Technical assistance...	5,750,000:	9,133,000:	-9,133,000:	--
Subtotal.....	33,094,542:	61,409,000:	+28,110,000:	89,519,000
Unobligated balance	:	:	:	:
brought forward.....	-35,683,558:	-69,264,016:	-22,491,000:	-91,755,016
Unobligated balance	:	:	:	:
carried forward.....	\$69,264,016:	91,755,016:	+120,481,000:	212,236,016
Total available or	:	:	:	:
estimate.....	66,675,000:	83,900,000:	+126,100,000:	210,000,000
Transfer to NRCS	:	:	:	:
Operations account....	--:	+8,410,000:	-8,410,000:	--
Total Appropriation....	\$66,675,000:	\$92,310,000:	\$117,690,000:	\$210,000,000

NOTE: Funds in this account are committed upon signup but are not legally obligated until the easement documents are filed.

JUSTIFICATION OF INCREASES AND DECREASES

(1) An increase of \$117,690,000 consisting of:

- (a) An increase of \$126,823,000 for Wetlands Reserve Program easement payments (+\$109,612,016), cost-sharing (+\$12,682,235), and easement overhead costs (+\$4,528,749).

Over a period of 200 years the lower 48 states lost an estimated 53 percent of their original wetlands. The U.S. Department of Agriculture recognizes the environmental, social, and economic importance of wetlands. They provide fish and wildlife habitats, maintain ground water supplies and water quality, protect shorelines from erosion, store floodwaters and trap sediments, and provide recreational and educational opportunities. Approximately 85% of the remaining wetlands are located on private lands, and thus private lands hold the greatest potential for restoration of wetlands. Regulatory enforcement measures have proven unpopular and represent only one approach to the protection of wetlands. The Wetlands Reserve Program (WRP) provides the federal government with a means of protecting valuable wetland resources without imposing an additional regulatory burden on the public. The WRP is a voluntary incentive approach to achieving wetland protection and restoration results. Landowner response to the Program has been significant with offers to sell easements greatly exceeding number of acres that have been offered for enrollment.

The continued use of voluntary programs such as WRP can reduce the net loss of the nation's wetlands and the associated benefits to society can be effectively addressed. Through the WRP, authorized by Title XII, section 1237 of the Food Security Act of 1985, as amended, the Secretary of Agriculture assists landowners of eligible land in restoring and protecting wetlands. USDA's Natural Resources Conservation Service purchases, on a willing seller basis, conservation easements from eligible persons who own agricultural lands with degraded or legally converted wetlands.

The 1996 budget request of \$210,000,000 will provide financial support for the protection and restoration of wetlands and enhance wildlife habitat for migratory birds and other wildlife on 300,000 acres. The 1993 Omnibus Budget Reconciliation Act requires the Secretary of Agriculture to enroll not less than 330,000 acres by the end of calendar year 1995, and not less than 975,000 by the end of calendar year 2000. 49,888 acres were tentatively accepted in the fiscal year 1992 pilot program, of which 34,064 acres were enrolled. Congress provided no funding for the program in fiscal year 1993 and the Department hopes to enroll an additional 75,000 and 118,823 acres in 1994 and 1995 respectively. The 1996 budget

proposes a FY 1996 signup of 300,000 acres, together with the 1992, 1994, and 1995 acres, this will bring enrollment to approximately 527,887 acres by the end of calendar year 1996, with a remainder of 447,113 acres proposed for enrollment by the end of calendar year 2000.

(b) A decrease of \$9,133,000 for technical assistance.

Technical assistance activities will be directly in the Conservation Operations account starting in FY 1996. Funds for technical assistance needed by landowners to restore and protect wetlands will be provided directly through the Conservation Operations appropriation account. No funds are included for technical assistance within the Wetlands Reserve Program appropriations FY 1996 budget request. An increase in the discretionary cap will accommodate this shift in funding from a mandatory to a discretionary source.

Beginning in 1995, the program will be available nationwide.

The 1996 budget request is based on the results of the 1992 pilot program signup. The assumed rates per accepted acre are:

- \$605 for lump-sum easement payments
- \$70 for restoration costs
- \$25 for easement overhead costs, including surveys, title searches, abstracts, attorney fees, and appraisal fees.

The 1996 budget request assumes that participants will receive lump-sum easement payments only. The budget also assumes that obligation of funds will begin the year of signup over a two year period. Although appropriated funds provided for a signup are primarily expected to be unobligated at the end of the particular signup year, funds must still be committed/reserved upfront for eventual funding of program costs. As a result, large unobligated carryover balances are projected at the end of the year of signup. The requested fiscal year 1996 funding will provide:

- \$181.5 million for easement payments
- \$ 21.0 million for cost-sharing
- \$ 7.5 million for easement overhead costs.

The following tables show outlays for fiscal year 1994 and geographic breakdown of obligations for fiscal years 1994-1996.

Wetlands Reserve Program
Fiscal Year 1994 Outlays by State

<u>State</u>	<u>Outlay</u>
California.....	\$5,559,427
Iowa.....	1,775,433
Louisiana.....	6,065,560
Minnesota.....	379,594
Mississippi.....	4,850,443
Missouri.....	894,296
New York.....	12,303
North Carolina.....	2,961,602
Washington.....	4,700
Wisconsin.....	896,211
NRCS Technical Assistance.....	5,750,000
Easement overhead costs.....	4,250
TOTAL.....	<u>\$29,153,819</u>

Natural Resources Conservation Service
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1994 and Estimated 1995 and 1996
 WETLANDS RESERVE PROGRAM

	1994	1995	1996
California.....	\$5,355,597	--	--
Iowa.....	3,912,382	--	--
Louisiana.....	6,293,563	--	--
Minnesota.....	451,062	--	--
Mississippi.....	6,498,585	--	--
Missouri.....	904,179	--	--
New York.....	57,954	--	--
North Carolina.....	3,026,572	--	--
Wisconsin.....	837,185	--	--
Undistributed.....	3,213	\$52,276,000	\$89,519,000
Subtotal, Program.....	27,340,292	52,276,000	89,519,000
Technical Assistance.....	5,750,000	9,133,000	--
Easement Overhead Costs...	4,250	--	--
Total, available or estimate ^{a/}	<u>\$33,094,542</u>	<u>\$61,409,000</u>	<u>\$89,519,000</u>

^{a/} Excludes unobligated balance of \$8,410,000 transferred to Conservation Operations account in 1995.

WETLANDS RESERVE PROGRAM

STATUS OF PROGRAM

Current Activities: Under the 1994 program, the Wetlands Reserve Program (WRP) currently operates in twenty States under State and County Agricultural Stabilization Conservation (ASC) committees with technical assistance provided by the Natural Resources Conservation Service (formerly the Soil Conservation Service), and the Fish and Wildlife Service of the United States Department of the Interior. Congress did not provide a fiscal year 1993 appropriation. For the FY 1994 WRP program, the enacted appropriation provided funding for enrollment of 75,000 acres. Under the 1995 WRP, the Natural Resources Conservation Service will purchase permanent easements on approximately 118,823 acres from participating landowners who agree to preserve, restore, and protect their eligible lands.

Eligible lands under the program may include:

- cropped wetlands
- eligible acres already enrolled in the Conservation Reserve Program
- riparian areas
- non-wetland areas occurring within a restorable wetland area
- non-cropped natural wetlands
- buffer areas
- wetlands restored under a Federal or State program.

Features of the program include:

- Restoration practices. Two practices are authorized under the WRP program:
 - Wetlands restoration
 - Vegetative cover establishment.
- Contracts. The FACT Act of 1990 authorized both permanent and non-permanent easement contracts with landowners. The 1992 pilot WRP and FY 1994 programs, purchased only permanent easements, which will remain a legacy of the land under easement, even if title to the property is exchanged. Both permanent and non-permanent easements of 30 years or the maximum duration allowable under applicable State law, may be considered under any future nationwide program.
- Easement payments. The WRP contract stipulates that in exchange for granting a permanent easement and implementing a wetland restoration and protection plan, the landowner will receive monetary compensation in the form of either 10 equal annual installments or a lump sum payment. The majority of program participants elected the lump sum payment option under the FY 1992 pilot program. Under the FY 1994 and future programs, only the lump sum payment option will be offered to participants.
- Cost-share payments. Under the 1994 WRP program, 75 percent of the cost of the eligible practice was paid to program participants to restore the land to wetland condition and provide wildlife habitat.
- Easement overhead costs. Reimbursement of easement overhead costs will be provided from available program funding, rather than borne by the landowner. Such overhead costs include the recording of the easement in the State and county where the land is located, and applicable charges for abstracts, surveys, appraisal fees, title insurance and taxes associated with acquiring an easement.
- Technical assistance. The Natural Resources Conservation Service (NRCS) and the Fish and Wildlife Service develop a preliminary plan (WRPO) for offered acres initially determined eligible. The plan specifies the manner in which

the wetlands and adjacent lands must be restored, operated, and maintained, as well as any compatible uses reserved to the landowner. Once an offer is accepted, NRCS assists in establishing required practices for the easement area.

Examples of Recent Progress:

- FY 1994 -- Second WRP signup. For the FY 1994 signup, intentions to participate were submitted in March 1994 in twenty program States: Arkansas, California, Illinois, Indiana, Iowa, Kansas, Louisiana, Minnesota, Mississippi, Missouri, Nebraska, New York, North Carolina, Oregon, South Dakota, Tennessee, Texas, Virginia, Washington, and Wisconsin. Landowners offered intentions on approximately 587,000 acres for enrollment. Current law limited enrollment of the 1994 program not to exceed 75,000 acres.
- Wetland restoration plans. WRPO's were developed for the accepted acres determined to be eligible.
- Bid acceptance. For the FY 1994 signup, landowners in March 1994 submitted 5,741 intentions to participate in the WRP, covering approximately 587,000 acres. As discussed, only 75,000 acres may be enrolled in the 1994 program. The acres submitted for prospective enrollment provide the highest environmental benefits in the most cost effective manner from the eligible acres intended.

The tables that follow show (a) fiscal year 1994 distribution of program funds, (b) number of bids filed from FY 1994 signup, and (c) type of acres enrolled from FY 1994 signup.

Wetlands Reserve Program
Fiscal Year 1994 Outlays by Activity

State	Permanent Easement	Restoration	Easement Overhead Costs	Total
New York	\$5,288	\$2,579	\$4,436	\$12,303
TOTAL NORTHEAST AREA	5,288	2,579	4,436	12,303
Nebraska	0	0	0	0
Oregon	0	0	0	0
South Dakota	0	0	0	0
Washington	0	0	4,700	4,700
TOTAL NORTHWEST AREA	0	0	4,700	4,700
Illinois	0	0	0	0
Indiana	0	0	0	0
Iowa	1,640,640	96,390	38,403	1,775,433
Minnesota	372,438	3,631	3,525	379,594
Missouri	869,791	13,716	10,789	894,296
Wisconsin	859,427	30,428	6,356	896,211
TOTAL MIDWEST AREA	3,742,296	144,165	59,073	3,945,534
Arkansas	0	0	0	0
Louisiana	5,415,912	621,761	28,098	6,065,771
Mississippi	4,528,263	290,380	33,845	4,852,488
North Carolina	2,900,570	32,117	30,416	2,963,103
Tennessee	0	0	0	0
Virginia	0	0	0	0
TOTAL SOUTHEAST AREA	12,844,745	944,258	92,359	13,881,362
California	5,317,289	181,896	60,735	5,559,920
Kansas	0	0	0	0
Texas	0	0	0	0
TOTAL SOUTHWEST AREA	5,317,289	181,896	60,735	5,559,920
TOTAL ALL AREAS	\$21,909,618	\$1,272,898	\$221,303	\$23,403,819 ^{a/}

NOTE: FY 1994 Outlays reflect payments from the FY 1992 and FY 1994 signups.

^{a/} Excludes NRCS technical assistance. Total outlays, including \$5,750,000 for NRCS technical assistance, for \$29,153,819. Payments for the FY 1994 signup totaled approximately \$9,177,304. Payments for the FY 1992 signup totaled approximately \$14,226,515.

Wetlands Reserve Program
FY 1994 Allocations by State

<u>State</u>	<u>Allocations</u>
New York.....	\$624,200
TOTAL NORTHEAST AREA.....	624,200
Illinois.....	1,200,000
Indiana.....	1,000,000
Iowa.....	4,653,387
Minnesota.....	1,857,357
Missouri.....	1,988,957
Wisconsin.....	1,323,576
TOTAL MIDWEST AREA.....	12,023,277
Arkansas.....	4,620,000
Louisiana.....	5,475,538
Mississippi.....	8,067,577
North Carolina.....	4,111,548
Tennessee.....	1,001,100
Virginia.....	850,000
TOTAL SOUTHEAST AREA.....	24,125,753
California.....	4,100,519
Kansas.....	1,000,000
Texas.....	990,000
TOTAL SOUTHWEST AREA.....	6,090,519
Nebraska.....	1,000,000
Oregon.....	1,005,000
South Dakota.....	1,050,000
Washington.....	1,000,000
TOTAL NORTHWEST AREA.....	<u>4,055,000</u>
TOTAL ALL AREAS.....	<u>\$46,918,759</u>

Wetlands Reserve Program
FY 1994 Signup Data
Number of Accepted WRP Acres by Eligible Wetlands

State	Prior Converted Cropland	Farmed Wetlands	Farmed Natural Wetlands	Natural Wetlands	Riparian Areas	Cropped Uplands	Non- Cropped Uplands	Total Accepted Acres
New York	390	210	0	48	17	63	15	743
TOTAL NORTHEAST AREA	390	210	0	48	17	63	15	743
Nebraska	388	617	312	69	3	133	25	1,547
Oregon	1,608	150	0	196	17	5	0	1,976
South Dakota	369	885	849	91	0	416	22	2,632
Washington	0	401	195	137	0	0	7	740
TOTAL NORTHWEST AREA	2,365	2,053	1,356	493	20	554	54	6,895
Illinois	1,309	956	33	267	0	178	28	2,771
Indiana	1,453	64	2	215	0	18	28	1,780
Iowa	1,967	2,302	309	364	15	689	148	5,794
Minnesota	1,409	1,337	147	143	10	315	20	3,381
Missouri	2,430	506	15	368	44	120	41	3,524
Wisconsin	1,434	338	168	160	0	159	67	2,326
TOTAL MIDWEST AREA	10,002	5,503	674	1,517	69	1,479	332	19,576
Arkansas	7,019	2,596	0	549	0	169	6	10,339
Louisiana	7,697	3,175	0	854	0	227	3	11,956
Mississippi	5,684	6,906	5	686	15	263	4	13,563
North Carolina	1,002	10	0	62	0	2	0	1,076
Tennessee	826	537	124	12	104	220	0	1,823
Virginia	507	75	22	20	86	97	0	807
TOTAL SOUTHEAST AREA	22,735	13,299	151	2,183	205	978	13	39,564
California	2,616	742	0	171	4	28	8	3,569
Kansas	808	730	853	46	45	110	8	2,600
Texas	1,905	0	0	30	52	66	0	2,053
TOTAL SOUTHWEST AREA	5,329	1,472	853	247	101	204	16	8,222
TOTAL ALL AREAS	40,821	22,537	3,034	4,488	412	3,278	430	75,000

Wetlands Reserve Program
Bid Activity in Fiscal year 1994

State	Submitted Easement Bids in FY 1994			Accepted Easement Bids in FY 1994		
	Number of Farms	Average Easement Acres Per Farm	Number of Acres Submitted	Number of Farms	Average Easement Acres Per Farm	Number of Acres Bid
New York	<u>63</u>	<u>43</u>	<u>2,708.3</u>	<u>23</u>	<u>32</u>	<u>743.0</u>
TOTAL NORTHEAST AREA	63	43	2,708.3	23	32	743.0
Nebraska	146	45	6,543.4	24	64	1,547.0
Oregon	62	255	15,786.3	6	330	1,977.5
South Dakota	506	79	39,816.9	73	36	2,631.9
Washington	<u>41</u>	<u>74</u>	<u>3,044.2</u>	<u>5</u>	<u>148</u>	<u>740.0</u>
TOTAL NORTHWEST AREA	755	86	65,190.8	108	64	6,896.4
Illinois	374	64	24,032.0	40	69	2,771.6
Indiana	403	35	14,255.0	36	49	1,780.0
Iowa	1,058	54	57,439.4	63	92	5,793.7
Minnesota	386	81	31,079.5	26	130	3,380.8
Missouri	431	65	27,805.3	61	58	3,523.6
Wisconsin	<u>412</u>	<u>54</u>	<u>22,067.0</u>	<u>82</u>	<u>28</u>	<u>2,326.2</u>
TOTAL MIDWEST AREA	3,064	58	176,678.2	308	64	19,575.9
Arkansas	461	155	71,413.0	47	220	10,338.5
Louisiana	320	252	80,587.2	39	307	11,956.1
Mississippi	369	248	91,338.0	37	367	13,562.5
North Carolina	32	193	6,168.0	2	538	1,076.1
Tennessee	118	98	11,507.8	7	260	1,823.4
Virginia	<u>110</u>	<u>95</u>	<u>10,501.3</u>	<u>41</u>	<u>20</u>	<u>806.6</u>
TOTAL SOUTHEAST AREA	1,410	193	271,515.3	173	229	39,563.2
California	141	344	48,475.5	8	446	3,568.9
Kansas	273	50	13,676.7	42	62	2,600.0
Texas	<u>35</u>	<u>247</u>	<u>8,647.8</u>	<u>11</u>	<u>187</u>	<u>2,052.6</u>
TOTAL SOUTHWEST AREA	449	158	70,800.0	61	135	8,221.5
TOTAL ALL AREAS	5,741	102	586,892.6	673	111	75,000.0

NATURAL RESOURCES CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Watershed Planning

For necessary expenses for small watershed investigations and planning, in accordance with the Watershed Protection and Flood Prevention Act, as amended (16 U.S.C. 1001-1008), [~~\$10,546,000~~] \$7,542,000: Provided, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$50,000 shall be available for employment under 5 U.S.C. 3109.

Watershed Planning

Appropriation Act, 1995.....	\$10,546,000
Budget Estimate, 1996.....	<u>7,542,000</u>
Decrease in Appropriation.....	<u><u>-\$3,004,000</u></u>

SUMMARY OF INCREASES AND DECREASES
(on basis of appropriation)

<u>Item of Change</u>	<u>1995</u> <u>Estimated</u>	<u>Program</u> <u>Changes</u>	<u>Pay Cost</u>	<u>Other</u> <u>Changes</u>	<u>1996</u> <u>Estimated</u>
Watershed Planning....	\$10,546,000	-\$3,121,000	+\$111,000	+\$6,000	\$7,542,000

PROJECT STATEMENT
(On basis of appropriation)

	<u>1994</u>	:	<u>1995 Estimated</u>	:	<u>Increase</u>	:	<u>1996 Estimated</u>
	<u>:Staff:</u>		<u>:Staff:</u>		<u>or</u>		<u>:Staff:</u>
<u>Project</u>	<u>Amount</u>	<u>:Years:</u>	<u>Amount</u>	<u>:Years:</u>	<u>Decrease</u>		<u>Amount</u> <u>:Years</u>
Watershed Planning	\$10,921,000:	163:	\$10,546,000:	156:	-\$3,004,000(1)		\$7,542,000: 106

PROJECT STATEMENT
(On basis of available funds)

	<u>1994</u>	:	<u>1995 estimated</u>	:	<u>Increase</u>	:	<u>1996 estimated</u>
	<u>:Staff:</u>		<u>:Staff:</u>		<u>or</u>		<u>:Staff:</u>
<u>Project</u>	<u>Amount</u>	<u>:Years:</u>	<u>Amount</u>	<u>:Years:</u>	<u>Decrease</u>		<u>Amount</u> <u>:Years</u>
Direct Obligations:	:	:	:	:	:	:	:
Watershed Planning:	:	:	:	:	:	:	:
1. Small watershed	:	:	:	:	:	:	:
planning author-	:	:	:	:	:	:	:
ized by PL-566	\$10,884,289:	163:	\$10,546,000:	156:	-\$3,004,000	:	\$7,542,000: 106
Unobligated balance	:	:	:	:	:	:	:
lapsing.....	+36,711:	--:	--:	--:	--:	--:	--:
Total avail. or est	10,921,000:	163:	10,546,000:	156:	-3,004,000	:	7,542,000: 106
Reimbursable oblig.	236,245:	3:	200,000:	2:	--:	:	200,000: 2
Obligational auth..	\$11,157,245:	166:	\$10,746,000:	158:	-\$3,004,000(1)	:	\$7,742,000: 108

SOURCES OF REIMBURSEMENTS

	<u>1994</u>	:	<u>1995</u>	:	<u>Increase or:</u>		<u>1996</u>
	<u>Actual</u>		<u>Estimated</u>		<u>Decrease</u>		<u>Estimated</u>
Within USDA.....	\$6,987:		\$6,000:		--:		\$6,000
Other Federal Sources.....	--:		--:		--:		--
Non-federal Sources.....	229,258:		194,000:		--:		194,000
Total reimbursements.....	<u>\$236,245:</u>		<u>\$200,000:</u>		<u>--:</u>		<u>\$200,000</u>

OUTLAYS

	<u>1994</u>	:	<u>1995</u>	:	<u>Increase or:</u>		<u>1996</u>
	<u>Actual</u>		<u>Estimated</u>		<u>Decrease</u>		<u>Estimated</u>
Small watershed planning	:		:		:		:
authorized by PL-566.....	<u>\$10,489,647:</u>		<u>\$10,645,000:</u>		<u>-\$2,697,000:</u>		<u>\$7,948,000</u>

The following table lists actual and projected progress for small watershed applications, planning, and operations.

<u>Activity</u>	<u>1994 Actual</u>	<u>1995 Estimate</u>	<u>1996 Estimate</u>
1. Application for planning assistance:			
On hand.....	278	285	290
2. Status of planning:			
Approved for planning during year....	33	30	0
Locally implemented.....	(7)	(10)	(0)
Federally implemented.....	(26)	(20)	(0)
<u>Activity</u>	<u>1994 Actual</u>	<u>1995 Estimate</u>	<u>1996 Estimate</u>
Planning completed during year.....	25	20	15
Locally implemented.....	(3)	(15)	(5)
Federally implemented.....	(22)	(5)	(10)
Planning in process.....	94	104	89
Locally implemented.....	(19)	(14)	(9)
Federally implemented.....	(75)	(90)	(80)
3. Status of projects in operations:			
Active projects.....	584	584	569
Approved for operations during year..	22	5	10

JUSTIFICATION OF INCREASES AND DECREASES

(1) A decrease of \$3,004,000 consisting of:

- (a) An increase of \$111,000 for Small Watershed Planning pay costs consisting of \$90,000 for the 1996 general pay raise and \$21,000 to annualize the fiscal year 1995 pay adjustment.

The annual cost-of-living pay adjustment anticipated in fiscal year 1996 and unfunded cost associated with the fiscal year 1995 locality pay adjustment for Small Watershed Planning activities will be \$111,000 in fiscal year 1996. Absorbing the 1996 pay costs for this program would reduce NRCS staffing by an additional 1.6 FTE (-1.5%). Anticipated program accomplishments could not be maintained without the staff, and the Secretary's reorganization would be more difficult to implement as would the reinventing initiatives contained in Vice President Gore's National Performance Review.

The increased pay cost funds would be used to pay salaries and benefits for the 106 FTE's for this program.

- (b) An increase of \$56,000 for increased operating costs under the Small Watershed Planning program for the anticipated 2.8 percent increase of non-pay costs associated with program operations in fiscal year 1996.

An estimated \$56,000 is needed to fund the uncontrollable increased operating cost for the Small Watershed Planning program in fiscal year 1996. Absorbing these costs would reduce NRCS staffing by 0.8 FTE (-0.7%) because full funding for program support has not been provided several times in prior years, and funds available for program support are at a minimal level. Anticipated program results could not be maintained without these funds.

The increased funding would be used to provide adequate support costs for staffing levels approved for fiscal year 1996, including travel, space, equipment, etc.

(c) A decrease of \$50,000 for administrative efficiency.

To implement the President's Executive Order, to reduce overhead-type outlays from the FY 1993 baseline, by 3 percent in FY 1994, 6 percent in FY 1995, 9 percent in FY 1996 and 14 percent in FY 1997, budget authority in FY 1996 must be reduced by \$50,000.

In order to achieve these savings, NRCS will reduce discretionary expenses in the Watershed Planning Program by \$50,000 in FY 1996, in areas such as travel, transportation of things, rent and communications, miscellaneous services, and supplies. These cost decreases will be achieved through reinvention/reorganization processes already well underway. There would be no significant impact on program operations as long as the agency is funded for the uncontrollable FY 1996 increased pay and inflationary costs.

(d) A decrease of \$3,121,000 for program funding.

This decrease reflects the need to fund only those plans for projects that address high priority, national environmental concerns.

The Watershed Planning Program makes surveys of proposed small watershed projects for watersheds not exceeding 250,000 acres, and prepares plans in cooperation with local sponsors to reduce flood, sediment and erosion damages to upstream areas; to improve the quality of water in streams and reservoirs; and to control, develop and efficiently manage agricultural water. The watershed plans identify the soil and water management problems in the watershed and study alternatives to provide the best combination of land treatment, nonstructural, and structural measures for the protection, conservation, and utilization of land, water, and related resources. Information is compiled that is the basis for mutual agreement by the Department, local organizations, and the public concerning the possible alternative solutions which best meet environmental, social, and economic goals.

In 1996 planning will continue for the 104 projects underway at the beginning of the year. No new planning starts would be initiated. There is a loss of 50 staff years associated with this reduction. An estimated 15 watershed plans would be completed during the year, about 75 percent of the 1995 level. There are about 290 viable applications on hand for watershed planning assistance. Priority would be given to completing plans where local sponsors are willing and able to pay the costs of measure installation and application for federal assistance reflects objectives sought on a federal or regional level. Federal emphasis includes water quality and wetlands.

Natural Resources Conservation Service
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS
1994 and Estimated 1995 and 1996
 WATERSHED PLANNING

	1994		1995		1996	
	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS
ALABAMA.....	\$169,912	4	\$199,290	5	\$117,740	3
ALASKA.....	339,264	5	343,500	5	235,080	3
ARIZONA.....	639,998	7	650,950	7	443,470	5
ARKANSAS.....	189,942	3	190,280	3	131,620	2
CALIFORNIA.....	400,003	7	215,310	4	277,170	5
COLORADO.....	99,999	2	80,120	2	69,290	1
CONNECTICUT....	69,802	2	53,580	1	48,370	1
DELAWARE.....	92,949	1	85,120	1	64,410	1
FLORIDA.....	105,000	2	100,150	2	72,760	1
GEORGIA.....	109,998	2	110,160	2	76,220	1
HAWAII.....	279,003	4	120,170	2	193,330	3
IDAHO.....	164,959	3	110,160	2	114,300	2
ILLINOIS.....	219,278	3	390,570	5	151,940	2
INDIANA.....	59,566	1	61,090	1	41,270	1
IOWA.....	231,291	4	210,310	3	160,270	3
KANSAS.....	190,004	3	166,240	3	131,660	2
KENTUCKY.....	99,915	2	100,150	2	69,230	1
LOUISIANA.....	124,957	3	125,180	3	86,590	2
MAINE.....	89,998	1	65,090	1	62,360	1
MARYLAND.....	67,002	1	60,090	1	46,430	1
MASSACHUSETTS..	30,001	1	10,010	0	20,790	1
MICHIGAN.....	100,000	2	110,160	2	69,290	1
MINNESOTA.....	170,004	3	220,320	4	117,800	2
MISSISSIPPI....	93,283	1	110,160	2	64,640	1
MISSOURI.....	360,000	6	323,470	6	249,450	5
MONTANA.....	150,006	3	95,140	2	103,940	2
NEBRASKA.....	274,997	5	275,400	5	190,550	3
NEVADA.....	69,916	1	75,110	1	48,450	1
NEW HAMPSHIRE..	163,595	2	89,030	1	113,360	1
NEW JERSEY.....	74,721	1	75,110	1	51,780	1
NEW MEXICO.....	148,500	2	409,600	5	102,900	1
NEW YORK.....	149,824	3	140,200	3	103,820	2
NORTH CAROLINA..	179,005	3	178,260	3	124,040	2
NORTH DAKOTA...	124,999	2	80,120	1	86,610	1
OHIO.....	234,998	4	182,270	3	162,840	3
OKLAHOMA.....	389,999	7	324,470	6	270,240	5
OREGON.....	119,948	1	170,250	2	83,120	1
PACIFIC BASIN..	39,000	1	109,160	3	27,020	1
PENNSYLVANIA...	99,943	1	120,170	1	69,250	1
PUERTO RICO....	109,409	2	110,160	2	75,810	1
RHODE ISLAND...	25,003	0	0	0	17,330	0
SOUTH CAROLINA..	107,998	2	134,200	2	74,830	1
SOUTH DAKOTA...	110,001	2	110,160	2	76,220	1
TENNESSEE.....	109,967	2	125,180	2	76,220	1
TEXAS.....	279,998	4	280,410	4	194,020	3
UTAH.....	99,999	2	100,150	2	69,290	1
VERMONT.....	41,571	1	32,650	1	28,810	1
VIRGINIA.....	119,530	2	100,150	2	83,100	1
WASHINGTON.....	99,989	2	95,140	2	69,280	1
WEST VIRGINIA..	659,967	6	210,310	2	457,310	4
WISCONSIN.....	105,003	2	105,150	2	72,760	1
WYOMING.....	94,998	1	110,160	1	65,830	1
CHESTER NTC....	203,951	2	0	0	141,320	0
FORT WORTH NTC..	299,847	5	0	0	207,770	0
LINCOLN NTC....	296,999	4	0	0	205,800	0
PORTLAND NTC...	357,452	6	0	0	247,690	4
NATIONL HDQTRS..	747,677	7	2,266,460	27	518,080	15
FOREST SERVICE..	298,951	2	229,800	2	207,150	1
Total Available or Estimate...	\$10,884,289	163	\$10,546,000	156	\$7,542,000	106



WATERSHED PLANNING

STATUS OF PROGRAM

The Watershed Protection and Flood Prevention Act, Public Law 83-566, August 4, 1954, provides for cooperation between the Federal Government and the States and their political subdivisions in a program of watershed planning needed to conserve, distribute, develop, protect, restore, and use water. The Department continues to strengthen the mission of water management through integrated resource planning on a watershed basis incorporating ecosystem planning concepts for protecting all the resources in the watershed. The watershed planning work of the Department consists of assisting sponsoring local organizations to develop a plan on watersheds not exceeding 250,000 acres. The water quality, flooding, water and land management, and sedimentation problems in a watershed are described and works of improvement are proposed to alleviate these problems. The resulting watershed plans form the basis for installing needed works of improvement. Plans also include conservation land treatment needed to conserve and protect land, water, and related resources. Plans include estimated benefits and costs, cost-sharing, operation and maintenance arrangements, and other information necessary to justify Federal assistance for carrying out the plan.

PROGRAM ASSIGNMENTS

The Natural Resources Conservation Service is responsible for administration of the Watershed Planning Program. During FY 1994, the Natural Resources Conservation Service obligated \$10,585,338 of the funds for watershed planning.

The Forest Service is responsible for planning the forestry measures for national forest lands and for fire prevention forestry measures on non-Federal forest lands in the watersheds. During FY 1994, the Forest Service obligated \$303,000 of the funds for watershed planning.

In addition to those agencies receiving allocations, other Federal agencies are reimbursed for services as needed. The Economic Research Service assists with development of criteria to be used in economic analysis of watershed projects. The Department of the Interior's Bureau of Land Management and Bureau of Indian Affairs are provided funds when needed to plan watershed measures for Federal lands which they administer. The National Oceanic and Atmospheric Administration of the Department of Commerce and the U.S. Geological Survey of the Department of the Interior provide precipitation and runoff data.

DEVELOPING WATERSHED PLANS

Watershed planning is a coordinated investigation of the physical, environmental, social, and economic conditions specific to a watershed. The plan displays the benefits and opportunities for conservation, development, and management of land, water, and related resources. Planning includes an analysis of alternatives to solve watershed problems and to find the most cost effective, acceptable solution. Watershed planning requires the skills of soil conservationists, economists, hydrologists, geologists, foresters, and engineers. Support is provided by soil scientists, social scientists, biologists, plant technologists, and recreation, environmental and water quality specialists. Interested Federal, State, and local agencies and the general public are given an opportunity and are encouraged to participate in and contribute to the planning process. This assures that works of improvement included in plans are consistent with other programs and are compatible with local, regional and national goals. The watershed plan must be one which the local people are able, willing, and ready to install with assistance provided under the program, and one which they can and will effectively operate and maintain.

Environmental assessments are made by the Natural Resources Conservation Service and others for each watershed being planned. These assessments are integrated into the planning process at the earliest possible stage. Environmental impact statements, when required, and findings of no significant impact are submitted for review and

comment to local, State, and Federal agencies and are available to the general public. This provides an opportunity to obtain formal comments from a wide range of interests during planning.

Current Activities: The Natural Resources Conservation Service (NRCS) establishes policy and general criteria to be used to develop watershed plans for directing the watershed purposes to reflect the Department of Agriculture's long-term conservation objectives and overall priorities as set forth in the National Conservation Program. Planning starts approved during FY 1994 were directed to the highest NCP priorities, i.e., erosion control, water quality, water conservation and flood prevention; and to projects that promote rural development; benefit low income and minority groups; and reduce Federal cost share assistance for installation.

During the year, 18 applications were received, and 26 applications were approved for planning from all applications on hand. As of September 30, 1994, there were 276 viable applications for watershed planning assistance on hand.

Watershed Planning Progress by State - September 30, 1994

State	Applications Received		Planning Authorized		Plans Completed	
	No.	Acres	No.	Acres	No.	Acres
Alabama	68	4,346,643	59	3,771,143	50	\$3,073,562
Alaska	3	248,300	2	248,000	0	0
Arizona	31	2,877,662	23	1,936,382	16	1,217,462
Arkansas	94	6,833,358	88	6,633,205	64	3,393,706
California	72	4,465,895	60	4,216,237	29	1,518,813
Colorado	43	2,772,471	40	2,534,621	22	1,380,246
Connecticut	18	372,573	18	372,573	13	222,556
Delaware	8	539,163	8	539,163	6	411,663
Florida	45	3,263,298	43	3,176,198	30	2,151,268
Georgia	88	6,134,171	87	6,090,571	72	4,453,063
Hawaii	16	779,242	14	719,442	11	629,792
Idaho	35	2,012,049	33	1,799,939	21	895,497
Iowa	72	2,015,510	63	1,466,550	54	1,264,060
Illinois	65	3,785,584	62	3,562,554	30	1,689,168
Indiana	69	5,242,351	67	5,002,851	41	2,483,182
Kansas	102	11,353,419	78	7,956,111	61	5,773,771
Kentucky	61	3,591,166	57	3,251,322	42	2,573,813
Louisiana	76	8,959,010	62	7,423,960	49	6,137,367
Maine	30	1,812,337	28	1,704,737	21	1,331,054
Maryland	39	1,394,204	35	1,134,108	21	521,323
Massachusetts	17	561,274	17	561,274	12	460,232
Michigan	36	1,978,932	36	1,978,932	27	1,399,926
Minnesota	39	3,032,356	35	2,782,863	19	1,697,719
Mississippi	95	6,745,322	76	5,718,288	60	4,594,514
Missouri	68	6,012,074	48	3,726,824	31	2,366,993
Montana	33	2,166,271	32	2,154,271	21	1,398,621
Nebraska	96	8,389,413	67	4,737,546	53	3,640,639
Nevada	17	1,814,646	17	1,814,646	6	402,962
New Hampshire	14	1,055,082	12	1,021,382	7	456,770
New Jersey	23	748,642	21	669,642	15	389,347
New Mexico	48	3,905,748	47	3,738,948	33	2,193,637
New York	32	1,471,568	31	1,469,168	24	967,176
North Carolina	93	5,275,786	81	4,522,952	61	2,927,324
North Dakota	38	4,964,166	34	4,417,846	21	2,575,881
Ohio	51	5,709,443	36	3,692,967	26	2,449,256
Oklahoma	106	10,463,420	84	8,500,987	76	7,350,057
Oregon	38	3,155,475	35	2,600,935	24	1,210,896
Pacific Basin	7	12,075	7	12,075	2	3,900
Pennsylvania	50	2,241,070	41	1,851,348	32	1,505,587
Puerto Rico	8	472,000	7	397,000	4	266,002
Rhode Island	3	128,340	3	128,340	1	24,100
South Carolina	76	5,269,100	69	4,459,450	58	3,645,438

State	Applications Received		Planning Authorized		Plans Completed	
	No.	Acres	No.	Acres	No.	Acres
South Dakota	27	2,598,412	26	2,575,679	15	758,801
Tennessee	86	4,201,147	65	3,444,727	47	2,291,032
Texas	121	12,478,210	119	12,056,480	99	10,203,584
Utah	28	3,136,530	27	2,949,530	14	1,334,287
Vermont	17	1,716,647	17	1,716,647	13	1,230,927
Virginia	50	2,727,799	48	2,653,831	41	2,291,839
Washington	36	1,746,057	35	1,688,337	21	674,886
West Virginia	47	1,884,552	43	1,695,185	32	1,250,636
Wisconsin	42	2,333,790	41	2,251,230	29	1,476,149
Wyoming	28	2,049,872	26	2,027,400	14	626,736
Total	2,505	183,243,625	2,210	157,556,397	1,591	105,187,220

SHARING WATERSHED PLANNING COSTS

Watershed planning staffs are available either in-State or through sharing with other States to assist local organizations in all States. A number of States that are undertaking River Basin Surveys under authority of Section 6 of Public Law 83-566 have integrated their regular watershed planning staff with the river basin survey staff. This permits efficient use of technical personnel to accomplish both activities and share with other programs (for example, hydrologic unit planning for water quality).

Watershed Planning funds averaged approximately \$207,556 per State in 1994 ranging from \$25,000 to \$640,000. The size of the planning staffs varies according to the workload in each State. There were 30 watershed planning staffs nationwide. Staffs have been combined where individual States do not have sufficient planning workload to justify a complete staff. In most of those states without a planning staff, a water resource coordinator coordinates planning activities with combined staffs and other individual specialists.

In FY 1994 State legislatures and other local organized units in States and Puerto Rico appropriated or otherwise provided about \$25,515,638 to finance watershed planning activities. This local input was through advances, reimbursements, State controlled watershed planning staffs, or personnel provided by the States to work with Natural Resources Conservation Service watershed planning staffs.

Planning funds obligated and staff-years used in 1994 by State were:

State	Direct Obligations	Staff Years	State	Direct Obligations	Staff Years
Alabama	169,912	4	Maryland	67,002	1
Alaska	345,089	5	Massachusetts	30,001	1
Arizona	641,048	7	Michigan	100,000	2
Arkansas	189,942	3	Minnesota	170,004	3
California	401,165	7	Mississippi	93,283	1
Colorado	99,999	2	Missouri	385,046	6
Connecticut	69,802	2	Montana	214,629	3
Delaware	92,949	1	Nebraska	274,997	5
Dist of Co.			Nevada	69,916	1
(Nat. Hdq.)	571,677	7	New Hampshire	163,595	2
Florida	105,000	2	New Jersey	74,721	1
Georgia	109,998	2	New Mexico	223,501	2
Hawaii	279,003	4	New York	149,824	3
Idaho	164,959	3	North Carolina	179,005	3
Illinois	219,278	3	North Dakota	124,999	2
Indiana	59,566	1	Ohio	234,998	4
Iowa	231,291	4	Oklahoma	449,999	7
Kansas	193,542	3	Oregon	119,948	1
Kentucky	99,915	2	Pacific Basin	39,000	1
Louisiana	124,957	3	Pennsylvania	99,943	1
Maine	89,998	1	Puerto Rico	109,409	2

State	Direct Obligations	Staff Years	State	Direct Obligations	Staff Years
Rhode Island	25,003		Washington	99,989	2
South Carolina	107,998	2	West Virginia	659,967	6
South Dakota	110,001	2	Wisconsin	105,003	2
Tennessee	109,967	2	Wyoming	94,998	1
Texas	279,998	4	Natl Tech Cntrs	<u>1,158,249</u>	<u>17</u>
Utah	99,999	2	NRCS Wtrshd Plng.	10,645,583	161
Vermont	41,571	1	Alloc. Acct.	<u>176,000</u>	<u>3</u>
Virginia	119,930	2	Total Watershed		
			Planning, NRCS	<u>\$10,821,583</u>	<u>164</u>

SELECTED EXAMPLES OF WATERSHEDS AUTHORIZED FOR PLANNING IN FISCAL YEAR 1994

Watershed projects are actively being planned in all regions of the nation and in the Caribbean and Pacific areas. These projects are being formulated to address the broad range of eligible project purposes. Projects are currently being planned for floodwater damage reduction, water quality improvement, protection and improvement of critical fish and wildlife habitat, water conservation, watershed protection, and for the development of agricultural and rural water supplies. Planning was started on a total of 26 watershed projects in fiscal year 1994. The following briefly describes two projects that are currently being planned. These projects illustrate the type and scope of projects currently being developed as Public Law 83-566 Projects.

Nolan River Watershed - Texas. This 64,400 acre watershed is located about 20 miles southwest of Fort Worth. The purpose of this project is to protect and improve water quality in and below the watershed by assisting in a program to reduce the pollutant loading. The watershed is within the Brazos River Basin. The watershed drains into Lake Pat Cleburne. The lake provides municipal and industrial water for the city of Cleburne. The lake is also extensively used for recreation by residents of Johnson County and the surrounding vicinity. The project is composed of components to address the pollution sources that contribute to water quality degradation in the watershed. Potential sources of contamination in the watershed are dairy cattle, a soil plant, a sewage treatment plant, a golf course, trash disposal, livestock and other agricultural operations. The total cost is expected to be \$1,700,000 with the local cost amounting to \$600,000.

Hambrick Watershed - Mississippi. This 1,645 acre Hambrick Watershed is located in north central Tunica County. The community of Hambrick is the center of the watershed--an area where the per capita income is significantly lower than the average per capita income for the state and nation. The average home value is about \$17,000, approximately 37 percent of the state average. Water quality is affected by nonpoint source pollution from both agricultural and urban runoff discharging directly into shallow roadside ditches. Hazards to human health exist. During floods, direct damages to residential structures and streets occur. As the water recedes, it contributes to water quality deterioration downstream. Average annual damages from flooding and impaired water quality amount to \$33,500. The purpose of the project is to provide assistance to disadvantaged residents to solve public health problems associated with impaired water quality and flooding. The principal project measures consist of 21,500 feet of sewer system and 2.6 miles of channel work which will reduce flooding and significantly decrease health problems from impaired water quality. The total cost is estimated to be \$568,500 of which PL 83-566 cost share is about \$200,000.

NATURAL RESOURCES CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Watershed and Flood Prevention Operations

- For necessary expenses to carry out preventive measures, including but not limited to research, engineering operations, methods of cultivation, the growing of vegetation, rehabilitation of existing works and changes in use of land, in accordance with the Watershed Protection and Flood Prevention Act approved August 4, 1954, as amended (16 U.S.C. 1001-1005, 1007-1009), the provisions of the Act of April 27, 1935 (16 U.S.C. 590a-f), and in accordance with the provisions of laws relating to the activities of the Department, [\$70,000,000]
- 1 \$100,000,000 [(of which [\$10,000,000] shall be available for the watersheds authorized under the Flood Control Act approved June 22, 1936 (33 U.S.C. 701, 16
 - 2 U.S.C. 1006a), as amended and supplemented)]: [Provided, That, for the fiscal year 1995 only, not to exceed 10 per centum of the foregoing amounts shall be available for allocation to any one State:] Provided [further], That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$200,000 shall be available for employment under 5 U.S.C. 3109: Provided further, That not to exceed \$1,000,000 of this appropriation is available to carry out the purposes of the Endangered Species Act of 1973 (Public Law 93-205), as amended, including cooperative efforts as contemplated by that Act to relocate endangered or threatened species to other suitable habitats as may be necessary to expedite project construction.

The first change in language proposes to provide no additional funding for the PL-534 program, but to provide funds for eligible high-priority subwatershed projects under the PL-566 program authority.

The second change in language removes the requirement in fiscal year 1995 that no one state may receive more than 10 percent of the appropriated amount.

Watershed and Flood Prevention Operations

	Watersheds Authorized by PL-534	Emergency Watershed Operations	Small Watersheds Authorized by PL-566	Total Watershed and Flood Prevention
Appropriation Act, 1995.....	\$10,000,000	\$ --	\$60,000,000	\$70,000,000
Budget Estimate, 1996.....	--	--	100,000,000	100,000,000
Increase in Appropriation.....	-\$10,000,000	--	+\$40,000,000	+\$30,000,000

SUMMARY OF INCREASES AND DECREASES
(on basis of appropriation)

Item of Change	1995 Estimated	Program Changes	Pay Cost	Other Changes	1996 Estimated
Watershed and Flood Prevention Operations:					
1. Watershed oper. auth by PL-534.....	\$10,000,000	-\$10,000,000	--	--	--
2. Emergency watershed prot. operations.....	--	--	--	--	--
3. Small watersheds auth. by PL-566.....	60,000,000	+39,612,000	+\$365,000	+23,000	\$100,000,000
TOTAL AVAILABLE.....	\$70,000,000	+\$29,612,000	+\$365,000	+\$23,000	\$100,000,000

PROJECT STATEMENT
(On basis of appropriation)

Project	1994		1995 estimated		Increase or Decrease	1996 estimated	
	Amount	:Staff: :Years:	Amount	:Staff: :Years:		Amount	:Staff: :Years:
1. Watershed operations authorized by PL-534:							
(a) Planning.....	\$2,020,000:	26:	--:	--:	--	--:	--
(b) Technical assistance.....	15,765,000:	245:	\$9,920,000:	138:	-\$9,920,000	--:	--
(c) Financial assistance for construction:							
Direct Federal contracting....	18,947,000:	--:	--:	--:	--	--:	--
Payment for contracting by local sponsors	3,974,000:	--:	--:	--:	--	--:	--
(d) Loan serv.(CFSA)	80,000:	2:	80,000:	--:	-80,000	--:	--
Subtotal, flood prevention.....	40,786,000:	273:	10,000,000:	138:	-10,000,000(1)	--:	--
2. Emergency Watershed Protection Operations.....	349,973,000:	601:	--:	550:	--		201
3. Small watersheds authorized by PL-566:							
(a) Technical assistance.....	72,277,500:	1,010:	59,827,000:	856:	-4,080,000	\$55,747,000:	743
(b) Financial assistance for construction:							
Direct Federal contracting....	56,058,000:	--:	--:	--:	+29,840,000	29,840,000:	--
Payment for contracting by local sponsors	44,040,000:	--:	--:	--:	+14,160,000	14,160,000:	--
(c) Loan services..	172,500:	5:	173,000:	--:	+80,000	253,000:	7
Subtotal, watershed operations.....	172,548,000:	1,015:	60,000,000:	856:	+40,000,000(2)	100,000,000:	750
Total Available.....	\$563,307,000:	1,889:	\$70,000,000:	1,544:	+\$30,000,000	\$100,000,000:	951
Transfer to CFSA.....	\$23,000,000:	--:	--:	--:	--	--:	--
Total Appropriation..	\$586,307,000:	1,889:	\$70,000,000:	1,544:	+\$30,000,000	\$100,000,000:	951

NOTE: Fiscal Year 1994 funding for the Emergency Watershed Protection Program (EWP) includes the original appropriation of \$28,631,000, an additional \$25,000,000 made available in FY 1994 from FY 1993 supplemental, \$340,500,000 from FY 1994 supplemental, a transfer of \$23,000,000, and a rescission of \$21,158,000. 1995 EWP staffing is for the carryover from the \$340,500,000 FY 1994 supplemental. FY 1996 EWP staffing is to respond to disasters expected to occur based on historical data. Funding would come from supplementals.

PROJECT STATEMENT
(On basis of available funds)

Project	1994		1995 estimated		Increase or Decrease	1996 estimated	
	Amount	:Staff: :Years:	Amount	:Staff: :Years:		Amount	:Staff: :Years:
1. Watershed operations authorized by PL-534:							
(a) Planning.....	\$2,002,713:	26:	--:	:	--:	--:	--
(b) Technical assistance.....	17,005,677:	245:	\$9,920,000:	136:	-\$9,920,000:	--:	--
(c) Financial assistance for construction:							
Direct Federal contracting....	19,130,429:	--:	3,975,320:	--:	-3,975,320:	--:	--
Payment for contracting by local sponsors.	5,810,105:	--:	1,255,200:	--:	-1,255,200:	--:	--
(d) Loan services..	80,000:	2:	80,000:	2:	-80,000:	--:	--
Subtotal, flood prevention.....	44,028,924:	273:	15,230,520:	138:	-15,230,520:	--:	--
2. Emergency Watershed Protection Oper....	133,160,413:	601:	290,616,346:	550:	-290,616,346:	--:	201
3. Small watersheds authorized by PL-566:							
(a) Technical assistance.....	72,029,725:	1,010:	59,827,500:	856:	-4,080,000:	\$55,747,500:	743
(b) Financial assistance for construction:							
Direct Federal contracting....	69,338,683:	--:	10,570,953:	--:	+19,269,047:	29,840,000:	--
Payment for contracting by local sponsors.	38,410,849:	--:	5,206,700:	--:	+8,953,300:	14,160,000:	--
(c) Loan services..	172,500:	5:	172,500:	--:	+80,000:	252,500:	7
Subtotal, watershed operations.....	179,951,757:	1,015:	75,777,653:	861:	+24,222,347:	100,000,000:	750
Total direct obligations.....	357,141,094:	1,889:	381,624,519:	1,544:	-281,624,519:	100,000,000:	951
Unobligated balance brought forward.....	-82,513,646:	--:	-311,624,519:	--:	+311,624,519:	--:	--
Unobligated balance carried forward.....	+311,624,519:	--:	--:	--:	--:	--:	--
Unobligated balance lapsing.....	+55,033:	--:	--:	--:	--:	--:	--
Appropriation.....	\$586,307,000:	1889:	\$70,000,000:	1,544:	+\$30,000,000:	\$100,000,000:	

REIMBURSABLE OBLIGATIONS

Project	1994		1995 estimated		Increase		1996 estimated	
	Amount	Staff: Years	Amount	Staff: Years	or Decrease		Amount	Staff: Years
Reimbursable obligations:								
1. Watershed operations authorized by PL-534:								
(a) Planning.....	--	--	--	--	--		--	--
(b) Technical assistance.....	\$122,087	0	\$750,000	20	-\$750,000		--	--
(c) Financial assistance for construction:								
Direct Federal contracting.....	2,242,942	--	750,000	--	-750,000		--	--
Subtotal, flood prevention.....	2,365,029	0	1,500,000	20	-1,500,000		--	--
2. Emergency Watershed Protection Operation.	6,736,577	2	--	0			--	--
3. Small watersheds authorized by PL-566:								
(a) Technical assistance.....	2,458,833	35	150,000	5	+750,000		900,000	25
(b) Financial assistance for construction:								
Direct Federal contracting.....	5,355,509	--	5,350,000	--	+750,000		6,100,000	--
Subtotal, watershed operations.....	7,814,342	35	5,500,000	5	--		7,000,000	25
Total, reimbursable obligations.....	16,915,948	37	7,000,000	25	--		7,000,000	25
Obligational authority.....	\$603,222,948	1,926	\$77,000,000	1,569	+30,000,000		\$107,000,000	976

SOURCES OF REIMBURSEMENTS

	1994		1995		Increase or		1996
	Actual		estimated		Decrease		estimated
Within USDA.....	\$43,832		\$43,000		--		\$43,000
Other Federal Agencies.....	7,369,719		1,557,000		--		1,557,000
Non-Federal Sources.....	9,502,397		5,400,000		--		5,400,000
Total reimbursements.....	\$16,915,948		\$7,000,000		--		\$7,000,000

OUTLAYS

	1994		1995		Increase or		1996
	Actual		estimated		Decrease		estimated
1. Watershed operations authorized by PL-534.....	\$38,985,103		\$33,459,000		-\$31,105,000		\$2,354,000
2. Emergency Watershed Protection Operations.....	92,300,104		145,286,000		-83,793,000		61,493,000
3. Small watersheds authorized by PL-566.....	148,654,097		143,439,000		-37,568,000		105,871,000
Total Outlays.....	\$279,939,304		\$322,184,000		-\$152,466,000		\$169,718,000

JUSTIFICATION OF INCREASES AND DECREASES

- (1) A decrease of \$10,000,000 is requested for program funding in the Flood Prevention Operations Program authorized by PL-534.

The Water Resources Programs administered by the NRCS are undergoing significant reform as part of "government reinvention" efforts. One approach being considered government wide to improve program delivery is to combine similar program activities and do away with program overlap. The Flood Prevention (PL-534) program and the Small Watershed (PL-566) program are similar programs that are administered by NRCS. The Flood Control Act of 1944 authorized the Secretary of Agriculture to undertake works of improvement for runoff and waterflow retardation in 11 large watersheds. Early work emphasized land treatment, but in the 1950's the Act was amended for channel improvements and water detention structures. The Watershed and Flood Prevention Act, which created the PL-566 program in 1954, also amended the flood prevention program, making it possible to administer the PL-534 program along the same lines as the PL-566 program. The 1996 budget proposes to provide no additional funding for the PL-534 program per se, but to provide funds for eligible high priority subwatershed projects that contribute to solving water quality and other environmental problems under the PL-566 program authority. About \$10 million, the same amount appropriated in the 1995 budget, would be available for subwatershed projects in FY 1996.

- (2) An increase of \$40,000,000 for Watershed Operations authorized by PL-566 consisting of:

- (a) An increase of \$365,000 to partially off-set the anticipated increased pay costs consisting of \$296,000 for the 1996 general pay raise and \$69,000 to annualize the fiscal year 1995 pay adjustment.

An estimated \$365,000 is needed to partially off-set the annual cost-of-living pay adjustment anticipated in fiscal year 1996 and unfunded cost associated with the fiscal year 1995 locality pay adjustment for the Small Watershed Operations program activities in fiscal year 1996. Absorbing the partial 1996 pay costs for this program would reduce NRCS staffing by an additional 4.9 FTE's. Anticipated program accomplishments could not be maintained without the staff, and the Secretary's reorganization would be more difficult to implement as would the reinventing initiatives contained in Vice President Gore's National Performance Review.

- (b) An increase of \$207,000 for the anticipated 2.8 percent increase of non-pay costs associated with program operations in fiscal year 1996.

An estimated \$207,000 is needed to fund the uncontrollable increased operating cost for the Small Watershed Operations program in fiscal year 1996. Absorbing these costs would reduce NRCS staffing by 3.0 FTE's because full funding for program support has not been provided several times in prior years, and funds available for program support are at a minimal level. Anticipated program results could not be maintained without these funds.

The increased funding would be used to provide adequate support costs for staffing levels approved for fiscal year 1996, including travel, space, equipment, etc.

- (c) A decrease of \$184,000 for administrative efficiency.

To implement the President's Executive Order, to reduce overhead-type outlays from the FY 1993 baseline, by 3 percent in FY 1994, by 6 percent in FY 1995, by 9 percent in FY 1996 and 14 percent in FY 1997, budget authority in 1996 is reduced by \$184,000.

In order to achieve these savings, NRCS will reduce discretionary expenses in the Watershed and Flood Prevention Program by \$184,000 in FY 1996, in areas such as travel, transportation of things, rent and communications, miscellaneous services, and supplies. These cost decreases will be achieved through reinvention/reorganization processes already well underway. There would be no significant impact on program operations as long as the agency is funded for the uncontrollable FY 1996 increased pay and inflationary costs.

- (d) An increase of \$39,612,000 to restore a minimum level program response to meet current watershed priorities.

At this funding level the Small Watershed program will redirect its efforts to implement a new watershed approach that addresses a broad range of conservation issues including water quality improvement, wetland restoration, agricultural water management, stream restoration, fish and wildlife habitat improvement, and soil quality. Priority will be given to watersheds with complex environmental problems and embrace needs for environmental enhancement, water quality improvement, restoration of fish and wildlife habitat, and flood damage reduction; watersheds located in agricultural/rural community settings with low incomes and poor quality of life; and, watersheds where assistance can be provided to Native Americans. Waterways restoration will be added to establish floodplain riparian zones and improve water quality, while enhancing habitat for fish and wildlife and recreation opportunities.

The reauthorization of the Clean Water Act and Safe Drinking Water Act, will be a major issue before the 104th Congress. Most Federal agencies and private organizations agree on the need to implement a watershed approach to solve non-point source pollution. However, the major gap in implementing the watershed approach is having a local delivery system with local partnerships. This is a unique role that NRCS can provide with the local soil and water conservation districts, other local organizations and local people.

NRCS is already in the position to work with and assist local people where there are watershed environmental concerns. NRCS can coordinate and facilitate bringing in other Federal and State agencies and universities to develop and implement a watershed plan-of-action. The concerns may vary from water quality to wetland restoration to stream restoration.

The small watershed program provides the mechanism to fund locally based watershed planning and provide site specific technical expertise and financial assistance to implement the plan. The watershed program can provide a process to solve local environmental problems and avoid top-down regulatory action.

The program needs to be operated at the \$100 million level to provide planning and implementation that will avoid the need for regulatory approaches. As an example, the proposed Clean Water Act before the 103rd Congress, had an aggressive watershed approach for all impaired streams, lakes and estuaries. Most of these impaired waters would be predominantly from non-point source pollution. This would require potentially over 100 or more watershed plans to be developed and implemented in a short period of time (perhaps 5 years). It is assumed that the philosophy of using the watershed approach for non-point sources will be retained because it has broad support. NRCS must be active in developing and implementing locally based watershed plans with the farmers/ranchers in order to make the voluntary approach successful. The small watershed program can be the catalyst to make this happen successfully.

To free-up remaining staff resources, NRCS has begun a process of revisiting all small watershed plans to reduce the backlog of work. Plans that have been developed in the last ten years are more targeted to environmental concerns and should not be a problem. However, old plans with little or no activity will seriously be considered for deactivation, or at least major revision. Flood prevention projects authorized by Public Law 75-534, the Flood Control Act of 1944, will be part of this review process. The 1996 budget proposes to continue to implement certain high priority PL-534 projects as part of the small watershed program activities.

Priority will be given to nonstructural solutions to reduce flood damages, flood damage reduction to low income and disadvantaged, fund long-term contracts for measures that improve water quality in high priority designated watersheds, and to implement waterways restoration elements that will establish floodplain riparian zones, stabilize stream banks using vegetation and other bio-technical slope stabilization techniques and will enhance overall ecological values in local communities.

Assistance will be significantly reduced on flood control projects and in assisting sponsors in their annual review of operation and maintenance needs.

The following table shows the status of PL-566 watershed projects:

<u>Status of Operational Projects</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
Projects receiving land treatment.....	182	90	254
Structural projects.....	346	100	407
Land treatment and structural.....	59	60	77
Subtotal active projects.....	587	250	738
Projects continuing post-instal assistance....	798	800	922
Inactive projects.....	20	344	24
Deauthorized projects.....	144	160	144
Total operational projects.....	1,549	1,554	1,828
New projects approved during year.....	22	5	10

Natural Resources Conservation Service
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS
1994 and Estimated 1995 and 1996
 WATERSHED AND FLOOD PREVENTION OPERATIONS

	1994		1995		1996	
	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS
ALABAMA.....	\$3,296,640	22	\$2,980,390	14	\$840,440	8
ALASKA	1,667,410	3	132,670	0	54,860	0
ARIZONA.....	4,112,708	23	1,863,000	15	800,310	9
ARKANSAS.....	2,382,095	27	4,071,630	20	1,669,010	12
CALIFORNIA.....	19,906,456	82	6,647,710	30	2,627,800	19
COLORADO.....	1,615,447	14	2,946,410	7	1,171,200	5
CONNECTICUT....	866,135	9	801,790	6	342,370	4
DELAWARE.....	743,487	7	455,990	4	203,170	3
FLORIDA.....	2,175,991	10	11,700,000	27	4,698,150	17
GEORGIA.....	5,917,895	25	14,512,340	39	5,807,160	25
HAWAII.....	2,343,150	14	1,588,740	7	668,930	5
IDAHO.....	1,137,310	15	1,450,320	16	644,350	9
ILLINOIS.....	19,781,604	74	5,634,690	37	2,425,970	24
INDIANA.....	1,901,548	12	709,670	7	314,240	4
IOWA.....	38,217,644	170	55,379,250	336	23,923,840	220
KANSAS.....	14,521,178	104	9,650,280	66	4,039,870	43
KENTUCKY.....	2,636,884	13	1,059,940	8	459,190	5
LOUISIANA.....	1,675,866	27	1,123,410	21	505,400	13
MAINE.....	772,188	9	796,850	5	340,000	4
MARYLAND.....	189,748	6	425,860	4	185,020	3
MASSACHUSETTS..	1,011,948	9	422,220	5	195,840	4
MICHIGAN.....	1,514,762	9	667,020	6	299,710	4
MINNESOTA.....	5,378,943	27	4,751,680	30	2,066,030	19
MISSISSIPPI....	33,124,149	215	24,548,850	106	9,957,610	69
MISSOURI.....	26,265,515	145	12,284,910	95	5,467,110	48
MONTANA.....	830,704	11	811,650	9	352,950	4
NEBRASKA.....	5,286,380	24	2,154,860	18	926,840	10
NEVADA.....	82,856	1	310,810	1	128,730	1
NEW HAMPSHIRE..	278,295	4	256,130	3	118,800	2
NEW JERSEY.....	670,205	10	462,240	6	214,400	4
NEW MEXICO.....	1,760,560	22	1,085,170	16	496,670	9
NEW YORK.....	2,996,617	14	1,457,980	13	620,880	7
NORTH CAROLINA..	3,805,936	24	2,214,560	20	941,100	12
NORTH DAKOTA...	2,871,550	20	1,581,880	12	660,330	7
OHIO.....	5,190,218	21	1,348,780	16	589,710	9
OKLAHOMA.....	12,010,276	83	4,866,390	52	2,135,670	32
OREGON.....	1,610,360	14	868,890	9	389,340	5
PACIFIC BASIN...	206,818	3	519,090	2	220,750	2
PENNSYLVANIA...	7,063,377	28	2,939,800	15	1,203,370	9
PUERTO RICO....	2,955,155	15	550,030	10	249,700	5
RHODE ISLAND...	102,999	1	79,040	1	36,660	0
SOUTH CAROLINA..	3,529,738	21	1,275,490	12	541,150	7
SOUTH DAKOTA...	3,541,938	27	6,034,510	58	2,799,020	39
TENNESSEE.....	4,560,995	25	2,020,000	27	922,760	17
TEXAS.....	13,926,489	86	10,600,860	63	3,487,950	33
UTAH.....	1,111,660	11	608,580	9	273,190	5
VERMONT.....	1,278,958	8	607,950	6	269,480	4
VIRGINIA.....	4,462,935	28	1,575,220	15	706,810	8
WASHINGTON.....	6,298,754	26	3,243,960	20	1,382,540	12
WEST VIRGINIA...	46,932,497	80	5,459,990	74	2,454,040	40
WISCONSIN.....	5,960,746	16	799,670	11	362,580	6
WYOMING.....	461,012	6	375,950	3	166,040	2
CHESTER NTC....	1,500,221	17	1,615,630	18	749,390	11
FORT WORTH NTC..	2,416,668	28	2,201,230	23	1,021,010	15
LINCOLN NTC....	2,072,994	24	1,960,010	21	909,120	13
PORTLAND NTC...	1,607,284	17	1,622,840	17	752,730	10
NATIONL HDQTRS..	13,821,285	68	8,422,709	46	3,654,250	21
CSFA.....	252,500	7	23,000,000	0	252,500	7
FOREST SERVICE..	2,525,413	28	651,000	7	301,960	7
UNRELEASED FUNDS	0	0	121,436,000	0	0	0
Total Available or Estimate...	\$357,141,094	1,889	\$381,624,519	1,544	\$100,000,000	951

WATERSHED AND FLOOD PREVENTION OPERATIONS

STATUS OF PROGRAMS

Watershed operations authorized by Public Law 534. The Flood Control Act of 1944 authorizes the Secretary of Agriculture to install watershed improvement measures to reduce flood, sedimentation, and erosion damages; further the conservation, development, utilization, and disposal of water; and the conservation and proper utilization of land. Flood prevention work is authorized in the eleven watersheds designated in the Flood Control Act of December 22, 1944.

Emergency Watershed Protection. Emergency watershed protection assistance is provided to reduce hazards to life and property in watersheds damaged by severe natural events. An emergency is considered to exist when a watershed is suddenly impaired by flood, fire, drought or other natural causes which results in life and property being endangered by flooding, erosion, or sediment discharge.

The emergency area need not be declared a national disaster area to be eligible for technical and financial assistance. Emergency watershed protection is applicable to small scale localized disasters as well as disasters of national magnitude.

Funding is authorized under Sections 403-405 of the Agricultural Credit Act of 1978.

Watershed Projects authorized by Public Law 566. The Watershed Protection and Flood Prevention Act of 1954, provides for cooperation between the Federal government and the States and their political subdivisions in a program to prevent erosion, floodwater, and sediment damages; to further the conservation, development, utilization, and disposal of water; and to further the conservation and proper utilization of land in authorized watersheds.

The flood prevention (PL-534) and the watershed (PL-566) programs have similar objectives. The planning criteria, economic justifications, local sponsorship requirements, cost-sharing criteria, structural limitations, and other policies and procedures used in flood prevention projects generally parallel those used in watershed protection projects.

Current activities:

1. Technical and financial assistance for construction includes:

- a. Land treatment measures: Assurance that a program of proper land use and treatment will be carried out is a basic requirement for assistance in the development of flood prevention subwatersheds or watershed projects. The Department provides landowners and operators technical assistance to accelerate the planning and application of land treatment measures which help achieve project objectives. This accelerated assistance is in addition to that received under other conservation programs.

When land treatment measures are installed to achieve justified offsite flood prevention benefits or when such measures provide small or long-deferred benefits to the landowner, the installation cost may be shared with Federal funds. The cost-share rate of this financial assistance may not exceed the rate of assistance for similar practices under other conservation programs of the Department. This work is accomplished through project agreements with local sponsoring organizations. The local sponsors arrange for and accomplish the work by contract or force account. Payments are made by the Federal government to the local sponsoring organizations as the land treatment measures are installed.

- b. Structural measures: Floodwater retarding structures, stream channel work, grade stabilization and sediment control structures, water storage structures, and other structures are integral parts of providing watershed protection. Detailed construction plans, designs and

specifications are prepared for these measures by the Department or by private engineers employed by the local sponsoring organization.

The Federal government provides all construction funds for structural measures for flood prevention and an equitable share of the cost of installing works of improvement for agricultural water management, fish and wildlife, or recreational development. The latter includes the cost of basic facilities for public health and safety, access to recreational areas, and use of the recreational development. Local organizations must pay all costs of works of improvement for other purposes. In addition, local organizations must acquire water rights and furnish land, easements, and rights-of-way for all structural measures. However, up to one-half the cost of land, easements, and rights-of-way allocated to public fish and wildlife and recreational developments may be paid with PL-534 or PL566 funds.

- c. Non-structural measures: Where practical, non-structural measures or a combination of structural and non-structural measures may be installed as part of the watershed works of improvement. Non-structural measures can consist of flood proofing buildings located in a floodplain, zoning or otherwise controlling certain floodplain areas to restrict further development, removal of buildings from the flood area, and other similar measures.

Financial assistance to local sponsoring organizations for installation of non-structural measures is provided in the same manner as for installation of structural measures. The local share for installation of nonstructural measures must be at least 25 percent.

- d. Installation of measures: In PL-534 subwatersheds, the Department usually does the contracting. In PL-566 watersheds, local organizations must administer construction contracts, unless they request NRCS to do so. In PL-566 watersheds, funds for installation of planned structural measures on non-Federal lands are provided to local organizations under the terms and conditions set forth in project agreements. Federal agencies carry out the watershed construction program on Federal lands which they administer.

Engineering assistance is provided for flood prevention, agricultural water management, and for water resource development or improvement for public fish and wildlife and recreational purposes, either directly by the Federal government or by the local organizations with advances or reimbursement from the Federal government. The Department may also supply up to one-half the cost of engineering assistance required for the installation of basic facilities for public fish and wildlife and recreational development.

Advances may be made to local sponsoring organizations to provide for immediate acquisition of easements and rights-of-way. Also, advances may be made to provide up to 30 percent of the total estimated cost of a proposed impounding structure when such structures are to be used for additional storage of water to meet anticipated future demands for municipal and industrial uses. In each case, advances must be repaid with interest. Advances for preservation of structure sites must be repaid before construction begins.

Local organizations must operate and maintain the completed works of improvement on non-Federal lands.

2. Detailed subwatershed work plans are prepared for PL-534 flood prevention projects in cooperation with soil conservation districts and other local sponsoring organizations. These plans outline soil and water management problems in subwatersheds, what is proposed to be done to alleviate these

problems, the estimated benefits and costs, cost-sharing, and operation and maintenance arrangements.

3. Program evaluation studies are carried out in selected watershed projects to assess effectiveness of structural and land treatment measures installed and assure safe and reasonable design.
4. Loans and loan services are provided to finance the local share of the costs of installing planned works of improvement. Repayment with interest is required within 50 years after the principal benefits of improvements first become available. Loans are financed from the Agricultural Credit Insurance Fund of the Rural Development Administration (RDA). No funding has been appropriated in the RDA to make new loans in FY 1995.
5. Emergency measures: This authority permits installation of emergency measures for immediate protection of life or property from flooding, erosion, or sedimentation damage until long-range practices can become effective. Emergency work includes but is not limited to establishing quick vegetative cover on denuded land, the sloping of steep and eroding banks, opening dangerously restricted channels, repairing diversions and levees, and other emergency work. This work is done to the extent funds are available. Prompt action to alleviate hazardous watershed conditions is essential. Flooding or wind erosion can cause extensive damage to impaired watersheds left unprotected. The Natural Resources Conservation Service administers the program, provides technical and financial assistance, and arranges with local contractors to do the installation work. The Forest Service is responsible for installing measures on the national forest reserve.

PROGRAM ASSIGNMENTS

The Natural Resources Conservation Service has general responsibility for administration of the Watershed Protection and Flood Prevention Act and the work authorized under the Flood Control Act. This includes responsibility for the installation of land treatment measures and structural works of improvement in authorized watersheds on non-Federal land and on Federal lands by arrangement with the administering agency.

The Forest Service is responsible for installing planned land treatment measures and certain structural works on national forests and other lands administered by the Forest Service in authorized projects. It is also responsible, in cooperation with and through State and local agencies, for the installation of planned forestry measures on forest lands within projects.

The Forest Service does emergency work on national forest reserve lands and on adjacent land which they administer under formal agreement.

The Rural Development Administration has responsibility for administration of Sections 4 and 8 of the Act as they relate to loans and advances to local organizations.

The Economic Research Service makes special economic analyses of watershed or subwatershed projects on a reimbursable basis.

The Agricultural Research Service carries out trap efficiency studies to determine water and sediment outflow from reservoirs for use in designing floodwater retarding structures.

The Department of Interior's Bureau of Land Management and Bureau of Indian Affairs participate in the installation of works of improvement on lands under their jurisdiction.

The following table shows the appropriated funds obligated for PL-534 watershed operations, emergency operations, and PL-566 small watersheds in FY 1994.

	PL-534 Operations	Emergency Operations	PL-566 Small Watersheds	Total
<u>Direct Funds:</u>				
Natural Resources				
Conservation Service	\$41,965,781	\$122,926,698	\$179,374,717	\$344,267,196
Forest Service.....	1,983,143	--	404,524	2,387,667
Rural Develop Admin	80,000	--	172,500	252,500
Total, Direct.....	\$44,028,924	\$122,926,698	\$179,951,741	\$346,907,363
<u>Reimbursable Funds:</u>				
Natural Resources				
Conservation Service	\$2,365,029	\$6,736,577	\$7,814,342	\$16,915,948
Total Obligations...	\$46,393,953	\$129,663,275	\$187,766,083	\$363,823,311

Watershed Operations Authorized by PL-534 (Flood Prevention Operations)

Because the authorized flood prevention projects include relatively large areas, work plans are developed on a subwatershed basis. As of September 30, 1994, the total planning job was about 80 percent completed, with 344 work plans completed that include 23,157,573 acres. The following table summarizes the status of subwatershed planning by authorized project:

Flood Prevention Projects	Total Authorized Area	Subwatershed and other areas with planning potential		Subwatershed and Other work plans prepared to 9/30/94	
	Acres	No.	Acres	No.	Acres
Buffalo Creek, NY a/...	279,680	3	279,680	3	279,680
Colorado (Middle), TX..	4,613,120	18	4,613,120	18	4,613,120
Coosa, GA a/.....	1,339,400	16	1,174,650	16	1,174,650
Little Sioux, IA.....	1,740,800	121	1,041,675	97	1,041,675
Little Tallahatchie, MS	963,977	16	656,486 b/	16	656,486
Los Angeles, CA.....	536,960	10	76,434 c/	10	76,434
Potomac, W. VA & VA....	4,205,400	36	3,247,405	18	1,423,795
Santa Ynez, CA.....	576,000	5	50,743 d/	5	50,743
Trinity, TX.....	8,424,260	53	8,332,603	31	5,945,570
Washita, TX & OK.....	5,095,040	63	5,074,463	53	4,676,222
Yazoo, MS.....	7,661,278	87	3,581,175	51	3,219,198
TOTAL.....	35,435,915	428	28,128,434	318	23,157,573

- a/ The Buffalo Creek Watershed was completed and closed in 1964 and reopened in 1992 for repairs. The Coosa Watershed was completed and closed in 1981.
- b/ Excludes 96,501 acres of Sardis Reservoir area, and 304,000 acres in minor watersheds needing only land treatment measures.
- c/ Includes national forest and other lands, for which the Forest Service has been assigned program responsibility.
- d/ Excludes 195,818 acres of reservoir area.

The estimated Federal cost for each watershed and total Federal obligations through FY 1994:

Flood Prevention Project	Estimated Total Federal Cost	Obligations \$ (cumulative) a/ 9/30/94
Buffalo Creek Watershed, NY (Complete).....	\$5,963,777	\$5,963,777
Middle Colorado River Watershed, TX.....	67,543,773	61,224,319
Coosa River Watershed, GA and TN (Complete).....	18,390,592	18,390,592
Little Sioux River Watershed, IA.....	142,988,919	67,701,586
Little Tallahatchie River Watershed, MS.	170,702,722	63,667,970
Los Angeles River Watershed, CA.....	81,925,270	60,197,017
Potomac River Watershed, MD PA, VA, and WV.....	129,646,193	107,493,801
Santa Ynez River Watershed, CA.....	48,627,478	40,353,115

	Estimated Total Federal Cost	Obligations \$ (cumulative) a/ 9/30/94
Flood Prevention Project		
Trinity River Watershed, TX.....	246,894,200	185,860,155
Washita River Watershed, OK and TX.....	191,478,686	166,458,782
Yazoo River Watershed, MS.....	521,461,158	232,021,536
TOTAL.....	\$1,625,622,768	\$ 1,009,332,650

a/ Does not include Rural Development Administration obligations of \$80,000.

Small Watershed Operations Authorized by PL-566

Watershed plans involving an estimated Federal contribution in excess of \$5,000,000 for construction, or construction of any single structure having a capacity in excess of 2,500 acre feet, require Congressional committee approval. Other plans are approved administratively. After approval, technical and financial assistance can be provided for installation of works of improvement specified in the plans.

Project sponsors are provided assistance in installing planned land treatment measures when plans are approved. Surveys and investigations are made and detailed designs, specifications, and engineering cost estimates are prepared for construction of structural measures. Areas where sponsors need to obtain land rights, easements, and rights-of-way are delineated. Technical assistance is also furnished to landowners and operators to accelerate planning and application of needed conservation on their individual units.

The project enters construction when the first project agreement for construction of works of improvement is signed. Under a project agreement, the sponsoring local organization agrees to construct a single or an interrelated group of structures. The government and the sponsoring local organization agree to share the construction costs as specified in the work plan. Engineering and other assistance are provided for preparation of contracts and inspection of construction.

When the local organization does the contracting, payments are made to them as the work progresses in accordance with the terms of the project agreement. When the local organization requests the NRCS to do the contracting for works of improvement, the NRCS makes payments directly to the contractor as the work progresses. Payments include amounts financed from Federal funds and from local organizations which fund their share of the construction costs.

In FY 1994, 20 projects were approved for operation which brought to 1,578 the total number of projects approved as of September 30, 1994. Of the 1,578 projects in operation in 1994, 179 were installing watershed protection land treatment services and 403 were receiving engineering services or in construction at the end of the year. Projects with construction completed in 1994 brought the total number of projects in post-installation assistance to 830 as of September 30, 1994. A total of 145 have been deauthorized due to the unlikelihood of further project activity.

NRCS has begun a process of revisiting all PL-566 plans to reduce backlog of work. Plans that have been developed in the last 10 years are more targeted to today's environmental concerns and should not be significantly revised. However, old plans with little or no activity will seriously be considered for deauthorization, or at least major revision.

Multiple Purpose Projects

On October 1, 1994, 731 multipurpose projects had been approved for operation under the Public Law 566 program. This represents 47 percent of the 1578 projects which were operational and indicates that the program continues to provide solutions to a broad range of local problems.

Agricultural Water Management. Three hundred ninety-one watershed projects include structural measures for agricultural water management in addition to flood prevention features. Of these, 302 include drainage improvements on existing cropland and 89 include irrigation.

Recreation. Two hundred sixty-seven small watershed projects approved as of September 30, 1994 include developments to create or improve facilities for the enjoyment of outdoor recreation in addition to flood prevention and watershed protection. Local sponsoring organizations are responsible for operating and maintaining the reservoirs and recreation areas.

Municipal Water. As of September 30, 1994, local sponsors of 171 watershed projects had included municipal water supply features in their watershed plans in addition to flood prevention and watershed protection.

Acceleration of Soil Surveys and Conservation
Planning in Watershed and Flood Prevention Projects

Watershed and Flood Prevention Operations funds are used to accelerate soil surveys, conservation planning, and installation of conservation land treatment measures in PL-534 subwatersheds and PL-566 watershed projects as specified in project plans. This acceleration of technical assistance is provided to help meet project objectives within the agreed upon installation period.

In FY 1993, 127,018 acres of conservation and ranch plans were prepared with Watershed and Flood Prevention Operations funds.

Loan Programs

Under Public Law 83-566, as amended and Public Law 78-534, loans are made to local organizations for financing the local share of the cost of installing, repairing, or improving works of improvements and water storage facilities, purchasing sites or rights-of-way and for related costs in approved watershed works of improvement and flood prevention projects. The Rural Development Administration has been assigned responsibility for making these loans to sponsors of such projects approved for operations. No loan may be made until the Natural Resources Conservation Service and the local organization have agreed on a plan for works of improvement. Public Law 92-419, approved August 30, 1972, provided for making such loans on an insured basis under the Agricultural Credit Insurance Fund. No funding was appropriated to the RDA in FY 1995 to make new loans under this program.

These loans are repayable in not more than 50 years at an interest rate based on the average rate paid by the U.S. Treasury on obligations of similar maturity. The rate in FY 1994 was 9.319 percent. For a single plan for works of improvement, the amount of the loan may not exceed \$10 million.

Applications for loans received by the Rural Development Administration have varied greatly in amount. Most applications have included requests for funds to purchase easements or rights-of-way and pay legal fees and organization costs. The larger loan requests have also included funds to pay the local organization's share of the installation costs of drainage channels, municipal water storage, irrigation works, recreational facilities, natural beauty, and other multiple-purpose improvements. In FY 1994 no loans were obligated. There are currently 163 borrowers outstanding at a value of \$48.3 million. Over the life of the program, 495 loans have been made at a value of almost \$176 million.

Item	<u>1994</u>		<u>1995</u>		<u>1996</u>	
	Actual		Estimated		Estimated	
	No.	\$ (000)	No.	\$ (000)	No.	\$ (000)
1. Loans obligated during year	0:	0:	0:	0:	0:	0:
2. Borrowers outstanding	163:	48,323:	155:	49,000:	120:	30,000:
3. Loans cumulative	495:	175,903:	495:	175,903:	495:	175,903:

Improvements Installed in Watershed and Flood Prevention Projects

The following table contains a listing of the technical services provided, lands improved and erosion reduced, and land treatment measures installed within project areas by the Natural Resources Conservation Service with funds from the Watershed and Flood Prevention Operations Program in 1993. The Forest Service also uses these funds on National forest lands to stabilize critical areas, roads and roadbanks; to reduce fire hazards and improve fire control; to plant and seed trees and grass; for range and waste land grazing; for wildlife habitat; for recreation; and also for vegetating surface mined areas and/or water management:

Agency	Units	Programs		Total
		Small Watersheds PL-566	Flood Prevention PL-534	
NATURAL RESOURCES CONSERVATION SERVICE				
<u>Technical Services:</u>				
Individuals and groups provided one or more technical services.....	Number	6,881	6,116	12,997
State, local or other Federal units of government provided one or more technical services.....	Number	92	46	138
Individuals and groups of individuals who installed one or more land treatment measures to lands under their control.....	Number	3,604	2,610	6,214
Conservation planning achieved with land users receiving technical services.....	Acres	149,769	22,245	172,014
<u>Lands Improved:</u>				
Estimated land improved and tons of reduced erosion on lands within watershed project areas:				
Cropland.....	Acres	158,927	119,653	278,580
	Tons	1,030,490	616,553	1,647,043
Pasture and Hayland.....	Acres	37,238	135,200	172,438
	Tons	174,011	484,970	658,981
Range and Nature Pasture.....	Acres	78,716	385,985	464,701
	Tons	254,645	888,589	1,143,234
Woodland.....	Acres	12,825	3,114	15,939
	Tons	35,501	27,361	62,862
All Other.....	Acres	16,774	52,123	68,897
	Tons	104,311	188,629	292,940
Total.....	Acres	304,408	696,075	1,000,555
	Tons	1,598,958	2,206,102	3,805,060

Obligations Related to PL-566 Watershed Projects

The following tabulation shows by State descriptive information concerning the extent of the program and rate of progress in obligating funds for the installation of works of improvement in PL-566 watersheds. There are 62 multi-State projects. Obligations and staff years are distributed between the States as applicable.

State	Number Projects Approved 9/30/94	Total Federal Obligations FY 1994	FY 1994 Federal Staff- year Input	Total Watershed Area Acres	Total Estimated Cost	Total Federal Estimated Cost	% Federal Cost to Total Cost	Total Cumulative Federal Obligations 9/30/94	% Federal Cost Obligated as of 9/30/94
Alabama	50	2,577,529	15	3,073,562	156,924,905	119,212,069	75.9	81,626,340	68.4
Arizona	16	3,392,361	19	1,217,462	194,157,387	141,601,846	75.9	113,911,541	80.4
Arkansas	64	2,597,231	27	3,393,706	259,758,947	196,283,238	75.9	145,490,818	74.1
California	29	8,998,196	27	1,518,813	304,181,968	212,416,204	69.8	184,733,969	86.9
Colorado	22	974,500	11	1,380,246	53,886,217	42,370,965	78.6	41,654,135	98.3
Connecticut	12	676,025	8	214,856	85,764,529	53,953,003	62.9	44,063,003	81.6
Delaware	6	706,346		411,663	32,333,413	29,716,990	91.9	28,366,990	95.4
Florida	30	1,428,145	9	2,151,268	69,713,364	43,807,890	62.8	32,557,169	74.3
Georgia	72	4,699,722	14	4,453,063	193,325,002	143,504,528	74.2	97,795,071	68.1
Hawaii	11	2,368,735	14	629,792	72,289,435	63,025,001	87.1	49,225,001	78.1
Idaho	20	1,226,875	15	890,397	25,689,678	21,004,204	81.7	18,191,114	86.6
Iowa	54	5,514,537	30	1,264,060	144,075,483	126,599,470	87.8	109,237,975	86.2
Illinois	31	2,799,418	17	1,689,168	263,859,496	184,473,009	69.9	126,672,685	68.6
Indiana	40	1,923,877	12	2,445,382	148,807,318	108,448,023	72.8	75,286,948	69.4
Kansas	61	8,223,048	44	5,773,771	266,057,378	232,702,260	87.4	178,107,249	76.5
Kentucky	42	2,404,994	11	2,573,813	117,681,884	96,745,013	82.2	83,714,998	86.5
Louisiana	49	1,818,579	62	6,137,367	240,806,714	140,044,617	58.1	115,910,158	82.7
Maine	21	766,867	8	1,331,054	33,612,757	24,710,097	73.5	18,052,915	73.1
Maryland	21	205,779	6	521,323	35,208,067	22,603,594	64.2	21,649,694	95.7
Massachusetts	12	1,064,953	9	460,232	52,783,810	46,031,148	87.2	36,744,400	79.8
Michigan	27	1,642,712	9	1,399,926	50,212,970	32,526,391	64.7	28,518,686	87.6
Minnesota	19	4,106,586	20	1,697,719	77,729,212	57,925,649	74.5	51,609,649	89.1
Mississippi	60	6,283,806	41	4,594,514	295,870,572	228,967,741	77.3	157,276,503	68.6
Missouri	31	6,174,990	36	2,366,993	210,754,906	179,328,009	85.1	94,876,009	52.9
Montana	21	890,030	11	1,398,621	41,100,451	33,472,968	81.4	27,481,044	82.1
Nebraska	52	3,431,273	17	3,512,439	149,168,051	123,205,228	82.5	100,030,157	81.1
Nevada	6	89,853	1	402,962	6,973,866	4,481,806	64.2	3,181,738	70.1

State	Number Projects Approved 9/30/94	Total Federal Obligations FY 1994	FY 1994 Federal Staff- year Input	Total Watershed Area Acres	Total Estimated Cost	Total Federal Estimated Cost	% Federal Cost to Total Cost	Total Cumulative Federal Obligations 9/30/94	% Federal Cost Obligated as of 9/30/94
New Hampshire	7	301,803	4	456,770	28,856,132	22,337,299	77.4	22,178,801	99.2
New Jersey	15	727,341	10	389,347	64,449,896	43,736,549	67.8	41,526,549	94.9
New Mexico	29	1,904,941	25	1,894,277	193,247,004	172,600,412	89.3	116,585,644	67.5
New York	24	2,464,755	11	967,176	79,657,765	71,654,879	89.9	61,373,879	85.6
North Carolina	61	3,949,059	24	2,927,324	138,330,400	106,536,763	77.1	89,926,448	84.4
North Dakota	21	1,374,938	7	2,575,881	63,307,328	48,608,275	76.7	36,849,193	75.8
Ohio	26	5,397,423	20	2,449,256	153,362,038	131,295,331	85.6	102,056,777	77.7
Oklahoma	76	7,344,185	57	7,350,057	465,466,672	341,961,487	73.4	249,882,059	73.1
Oregon	22	1,746,399	14	1,199,556	119,622,584	79,154,752	66.1	38,808,051	49.1
Pacific Basin	2	185,595	3	3,900	4,444,536	3,434,536	77.2	784,536	22.8
Pennsylvania	32	7,185,821	30	1,505,587	186,069,514	128,116,715	68.8	103,334,873	80.6
Puerto Rico	4	2,424,429	11	266,002	100,640,780	59,635,780	59.2	13,400,570	22.4
Rhode Island	1	111,701	1	24,100	936,929	891,929	95.2	776,929	87.1
South Carolina	58	2,250,295	16	3,645,438	83,922,058	63,242,166	75.3	55,958,815	88.4
South Dakota	15	144,530	3	758,801	22,329,961	15,382,952	68.8	11,554,419	75.1
Tennessee	46	4,799,580	25	2,261,732	173,528,219	151,055,567	87.1	103,479,175	68.5
Texas	97	9,409,986	50	10,135,744	540,874,639	421,969,997	78.1	364,693,028	86.4
Utah	14	1,198,516	11	1,334,287	56,089,607	39,794,661	70.9	37,433,419	94.1
Vermont	12	1,371,639	8	983,927	27,041,721	23,605,430	87.2	18,272,732	77.4
Virginia	41	3,976,246	19	2,291,839	114,934,225	98,236,513	85.4	72,429,462	73.7
Washington	21	3,440,443	24	674,886	82,999,755	64,579,481	77.8	50,512,329	78.2
West Virginia	32	34,866,917	43	1,250,636	253,089,637	243,156,264	96.1	191,475,323	78.5
Wisconsin	29	5,311,256	11	1,476,149	69,596,310	57,924,441	83.2	52,485,374	90.6
Wyoming	14	499,955	6	626,736	25,474,018	17,128,766	67.1	9,974,262	58.2
Total	1,578	179,374,720		104,353,580	6,630,999,508	5,115,202,006	77.1	3,911,718,606	76.4

a/ Natural Resources Conservation Service staff-years only. There are an additional 5 Rural Development Administration staff-years and an additional 1 Forest Service staff-year funded by this activity for a total of 1,056 staff-years.

NATURAL RESOURCES CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Colorado River Basin Salinity Control Program

For necessary expenses for carrying out a voluntary cooperative salinity control program pursuant to section 202(c) of title II of the Colorado River Basin Salinity Control Act, as amended (43 U.S.C. 1592(c)), to be used to reduce salinity in the Colorado River and to enhance the supply and quality of water available for use in the United States and the Republic of Mexico, [~~\$4,500,000~~] \$2,681,000, to remain available until expended (7 U.S.C. 2209b), to be used for [investigations and surveys, for technical assistance in developing conservation practices and in the preparation of salinity control plans, for] the establishment of on-farm irrigation management systems, including related lateral improvement measures, for making cost-share payments to agricultural landowners and operators, Indian tribes, irrigation districts and associations, local governmental and nongovernmental entities, and other landowners to aid them in carrying out approved conservation practices as determined and recommended by [the county ASC committees, approved by the State ASC committees or, and] the Secretary, and for associated costs of program planning, information and education, and program monitoring and evaluation[: Provided, That the Soil Conservation Service shall provide technical assistance and the Agricultural Stabilization and Conservation Service shall provide administrative services for the program, including but not limited to, negotiation and administration of agreements and the disbursement of payments: Provided further, That such program shall be coordinated with the regular Agricultural Conservation Program and with research programs of other agencies].

The first and second changes in language delete authority for expenditures for Natural Resources Conservation Service technical assistance using funds appropriated to Colorado River Salinity Control. Beginning in fiscal year 1996, the budget proposes that funding for NRCS technical assistance formerly included in this account be appropriated directly in the Conservation Operations account.

The third change reflects the Secretary's reorganization of the Department.

Colorado River Basin Salinity Control Program

Appropriations Act, 1995.....	\$4,500,000
Budget Estimate, 1996.....	2,681,000
Decrease in Appropriation.....	<u>-1,819,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

Item of Change	1995 Estimated	Program Changes	Pay Cost	Other Changes	1996 Estimated
Cost-sharing to landowners and others..	\$600,000	+2,081,000	--	--	\$2,681,000
Cooperative State Research, Education and Extension Service.....	325,000	-325,000	--	--	--
Technical assistance....	3,575,000	-3,575,000	--	--	--
Total available.....	<u>\$4,500,000</u>	<u>-1,819,000</u>	<u>--</u>	<u>--</u>	<u>\$2,681,000</u>

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1994 Actual	1995 Estimated	Increases or Decreases	1996 Estimated
Cost-sharing to landowners and others	\$8,154,600	\$600,000	+\$2,081,000(1)	2,681,000
Total available or estimate.....	8,154,600	600,000	+2,081,000	2,681,000
Cooperative State Research, Education and Extension Service education a/.....	618,400	325,000	-325,000	--
Technical assistance a/	5,010,000	3,575,000	-3,575,000(2)	--
Total appropriation...	<u>\$13,783,000</u>	<u>\$4,500,000</u>	<u>-1,819,000</u>	<u>\$2,681,000</u>

PROJECT STATEMENT
(On basis of available funds)

Project	1994 Actual	1995 Estimated	Increases or Decreases	1996 Estimated
Cost-sharing to landowners and others	\$8,594,339	\$1,064,571	+\$1,616,429	\$2,681,000
Cooperative State Research, Education and Extension Service	618,400	325,000	-325,000	--
Technical assistance..	5,010,000	3,575,000	-3,575,000	--
Subtotal.....	14,222,739	4,964,571	-2,283,571	2,681,000
Unobligated balance brought forward.....	-904,310	-464,571	+464,571	
Unobligated balance carried forward	464,571	--	--	
Total appropriation...	<u>\$13,783,000</u>	<u>\$4,500,000</u>	<u>-1,819,000</u>	<u>\$2,681,000</u>

a/ Beginning in FY 1996, technical assistance formerly included in this account will be funded under the Conservation Operations account.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) An increase of \$2,081,000 for cost sharing to landowners and others (\$600,000 available in fiscal year 1995 for cost sharing).

The 1996 budget request of \$2,681,000 would provide cost sharing assistance to landowners for salinity control practices in three Basin States: Colorado, Utah, and Wyoming. The 1996 program would increase funding for new contracts to improve irrigation water management practices. In 1995, the program was significantly reduced and operations were concentrated on providing assistance to make progress on the non-cost share components of the ongoing 3 year contracts. Funding for new contracts would resume in 1996. The request supports the objectives of the National Program for Soil and Water Conservation and the Nation's commitment to the 1973 International Boundary and Water Commission Agreement concerning the quality of water delivered downstream to users in the U.S. and the Republic of Mexico.

Current efforts demonstrate that both on-farm and off-farm structural approaches are required to meet long-term objectives. Cost effectiveness can be maximized by greater use of USDA on-farm measures. NRCS will choose measures and approaches that result in greater net benefits from the program. While not required, NRCS will examine different alternatives from a cost-benefit perspective.

Salt load reduction measures under the Colorado River Basin Salinity Control Program have contributed to approximately 181,079 tons of salt removed. This program concentrates on salt source areas that impact on national and international salinity levels established by treaty and multi-State agreements for the Colorado River system.

- (2) A net decrease of \$3,900,000 for technical assistance provided to landowners from this appropriation account (\$3,900,000 available in fiscal year 1995 consisting of Cooperative State Research, Education and Extension Service education of \$325,000 and technical assistance of \$3,575,000).

The FY 1996 budget request proposes to fund technical assistance formerly included in this account in the Conservation Operations account.

The following tables show outlays for fiscal year 1994 and geographic breakdown of obligations for fiscal years 1994-1996.

Colorado River Basin Salinity Control Program
Fiscal Year 1994 Outlays by State

<u>State</u>	<u>Outlays</u>
Colorado.....	\$4,259,190
Utah.....	2,087,074
Wyoming.....	749,206
CSREES Information/Education....	--
NRCS Technical Assistance.....	5,010,000
Total.....	<u>\$12,105,470</u>

Natural Resources Conservation Service
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1994 and Estimated 1995 and 1996
 COLORADO RIVER BASIN SALINITY CONTROL PROGRAM

State	1994 Actual	1995 Estimated	1996 Estimated
Colorado.....	\$4,787,308	--	--
Nevada.....	-100,000	--	--
Utah.....	3,271,054	--	--
Wyoming.....	635,977	--	--
Undistributed.....	--	\$1,064,571	\$2,681,000
Subtotal.....	8,594,339	1,064,571	2,681,000
Cooperative State Research, Education and Extension Service.....	618,400	325,000	--
NRCS Technical Assistance	5,010,000	3,575,000	--
Total available or est...	<u>\$14,222,739</u>	<u>\$4,964,571</u>	<u>\$2,681,000</u>

COLORADO RIVER BASIN SALINITY CONTROL PROGRAM

STATUS OF PROGRAM

Current Activities: Cost-share levels of up to 70 percent of total costs are authorized in the seven basin States of Arizona, California, Colorado, Nevada, New Mexico, Utah, and Wyoming. However, cost-share assistance levels vary among projects. Ongoing salinity control projects through fiscal year 1994 currently in effect are:

Colorado	Grand Valley Unit Lower Gunnison #1 Unit Lower Gunnison #2 Unit, Delta County Lower Gunnison #2 Unit, Montrose County Lower Gunnison #3 Unit McElmo Creek Unit
Utah	Uinta Basin Unit
Wyoming	Big Sandy River Unit

These projects are designed to prevent irrigation water heavily charged with salts and minerals from reentering the river. This aim is achieved by installing on-farm irrigation system improvements.

All projects include the following activities:

- Cost-Sharing. The Natural Resources Conservation Service (NRCS), formerly the Soil Conservation Service, provides cost sharing to improve or automate farm irrigation systems on land where a significant problem exists. Program practices for cost sharing include measures to reduce excessive deep ground water percolation from irrigation lateral seepage and over-irrigation, and those that reduce the amount of saline return flows from irrigated agriculture.
- Technical Assistance. The NRCS provides technical assistance which includes developing irrigation management plans, performing engineering surveys, assisting in design and construction, and monitoring and evaluating the progress and impacts of on-farm salinity control activities.

Cooperative State Research, Education and Extension Service (CSREES) develops, carries out, and coordinates Colorado River Salinity Control (CRSC) informational and educational activities on a project basis and may provide other technical support to carry out the program.

Selected Examples of Recent Progress:

The Grand Valley of Mesa County in Western Colorado contributes about 600,000 tons of salt each year to the Colorado River. Irrigation practices and systems contribute about half the salt load. Excess flood irrigation water percolates down to underlying shale, which dissolves and carries salt into the river.

To reduce the salinity level, conversion of the present flood irrigation systems to automated or semi-automated systems is required. The conversion includes lining irrigation ditches, using gated pipe, installing sensing devices, and installing drip irrigation systems in orchards.

During fiscal year 1994, 69 CRSC contracts were approved. From inception of the program in fiscal year 1987 through fiscal year 1994, \$16.0 million has been allocated to Grand Valley for cost-sharing with farmers.

The Uinta Basin unit in Utah is predominantly an agricultural area. Irrigation was introduced in the Basin in 1905 and has steadily increased since then. Few irrigation improvements have been installed throughout the years. Saline land areas

and salt concentrations in the river systems contribute about 450,000 tons of salt per year into the Colorado River.

In fiscal year 1994, 113 CRSC contracts were signed with individual land users and groups. In fiscal years 1987 through 1994, \$23.7 million in cost-share funds has been allocated to participants in the Uinta project.

The Big Sandy River unit is located in southwestern Wyoming. Due to the highly permeable soil in the irrigated area, the on-farm ditches and surface methods of field irrigation currently being used percolate large quantities of excess irrigation water into the shallow underground aquifer. The highly saline water from the aquifer reenters the Big Sandy River through seeps and contributes to the estimated annual salt loading of 149,000 tons. On-farm conversion of existing gravity irrigation systems to low-head sprinkler irrigation systems will provide effective irrigation water management.

Funds of \$6.5 million have been allocated for salinity control cost-shares through fiscal year 1994. During fiscal year 1994, 9 contracts were signed.

The Lower Gunnison Basin unit is located in west-central Colorado and contributes an estimated 1.1 million tons of salt annually to the Colorado River system.

The goal is to reduce deep percolation from irrigated fields and reduce seepage from off-farm earthen laterals. Collectively, the four projects in this unit will reduce annual salt loading into the Colorado River by 166,000 tons.

Funds totaling \$15.7 million were allocated for cost-sharing of salinity reduction practices through fiscal year 1994.

During fiscal year 1994, a total of 56 contracts was approved from individual land users and groups from the four Lower Gunnison projects.

The McElmo Creek unit is located in southwest Colorado and contributes about 119,000 tons of salt each year to the Colorado River. Irrigation is a major contributor of the annual salt load to the Colorado River.

Funds of \$5.5 million have been allocated for cost-sharing salinity reduction practices through fiscal year 1994. During fiscal year 1994, 45 applications were received from individual land users and groups, and 39 contracts were approved.

The tables that follow provide on-farm accomplishments and agency funding, by activity.

Colorado River Basin Salinity Control Program Funding
(\$000)

<u>Fiscal Year</u>	<u>Appropriated Level</u>	<u>(Cost-Share)</u>	<u>NRCS (Technical Assistance)^{1/}</u>	<u>CSREES (Information/Education)</u>	<u>Total</u>
1987	\$3,804	\$2,450	\$1,284	\$70	\$3,804
1988	4,904	3,089	1,640	175	4,904
1989	5,452	3,441	1,738	273	5,452
1990	10,341	5,955	3,944	442	10,341
1991	14,783	8,870	5,313	600	14,783
1992	14,783	8,840	5,313	630	14,783
1993	13,783	8,154	5,011	618	13,783
1994	13,783	8,155	5,010	618	13,783
1995	<u>4,500</u>	<u>600</u>	<u>3,900</u>	<u>--</u>	<u>4,500</u>
Total	<u>\$86,133</u>	<u>\$49,554</u>	<u>\$33,153</u>	<u>\$3,426</u>	<u>\$86,133</u>

^{1/} Includes Monitoring & Evaluation and Planning Studies.

Colorado River Basin Salinity Control Program
On-Farm (Land Treatment) Accomplishments

Implementation	Grand Valley (1979-1994)	Uinta (1980-1994)	Big Sandy (1988-1994)	Lower Gunnison #1, 2 and 3 (1988-1994)	McElmo Creek (1987-1994)
Total Area to be Treated (acres)	53,000	137,000	15,750	169,000	21,550
Ditch Linings/Pipelines (miles)	490	753	26	170	76
Land Leveling (acres)	4,964	2,452	0	1,262	0
Irrigation Systems - Sprinkler (no.)	61 <u>1/</u>	1,480 <u>2/</u>	69 <u>3/</u>	43 <u>4/</u>	166 <u>5/</u>
Salt Load Reduction, Total (tons/year)	63,074	77,549	22,313	18,878	9,419
Deep Percolation Reduction - (acre/ft/year), includes seepage	17,429	56,001	8,582	5,880	2,238

- 1/ On 639 acres
2/ On 80,577 acres
3/ On 5,840 acres
4/ On 1,052 acres
5/ On 3,367 acres

NATURAL RESOURCES CONSERVATION PROGRAM

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Forestry Incentives Program

For necessary expenses, not otherwise provided for, to carry out the program of forestry incentives, as authorized in the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2101), including technical assistance and related expenses, \$6,625,000, to remain available until expended, as authorized by that Act.

Forestry Incentives Program

Appropriations Act, 1995.....	\$6,625,000
Budget Request, 1996.....	<u>6,625,000</u>
Change in Appropriation.....	<u>\$0</u>

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

<u>Item of Change</u>	<u>1995</u> <u>Estimated</u>	<u>Program</u> <u>Changes</u>	<u>Pay Cost</u>	<u>Other</u> <u>Changes</u>	<u>1996</u> <u>Estimated</u>
Cost-sharing to landowners.	\$5,962,000	--	--	--	\$5,962,000
FS technical assistance....	663,000	--	--	--	663,000
Total appropriation.....	<u>\$6,625,000</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>\$6,625,000</u>

PROJECT STATEMENT

(On basis of appropriation)

<u>Project</u>	<u>1994</u> <u>Actual</u>	<u>1995</u> <u>Estimated</u>	<u>Increases or</u> <u>Decreases</u>	<u>1996</u> <u>Estimated</u>
Cost-sharing to landowners.....	\$11,538,000:	\$5,963,000:	--	\$5,963,000
FS technical assistance.....	1,282,000:	662,000:	--	662,000
Total appropriation	<u>\$12,820,000:</u>	<u>\$6,625,000:</u>	<u>--</u>	<u>\$6,625,000</u>

PROJECT STATEMENT

(On basis of available funds)

<u>Project</u>	<u>1994</u> <u>Actual</u>	<u>1995</u> <u>Estimated</u>	<u>Increases or</u> <u>Decreases</u>	<u>1996</u> <u>Estimated</u>
Cost-sharing to landowners.....	\$11,688,631 :	\$7,469,171 :	-\$1,506,171 :	\$5,963,000
FS technical assistance.....	1,282,000 :	672,717 :	-10,717 :	662,000
Subtotal.....	12,970,631 :	8,141,888 :	-1,516,888 :	6,625,000
Unobligated balance brought forward..	-1,667,520 :	-1,516,888 :	+1,516,888 :	--
Unobligated balance carried forward..	+1,516,888 :	-- :	-- :	--
Total, available or estimate.....	<u>\$12,820,000 :</u>	<u>\$6,625,000 :</u>	<u>-- :</u>	<u>\$6,625,000</u>

Forestry Incentives Program
Fiscal Year 1994 Outlays by State

<u>State</u>	<u>Outlays</u>
Alabama.....	\$1,023,334
Arkansas.....	818,618
California.....	119,239
Colorado.....	10,654
Connecticut.....	5,909
Delaware.....	52,035
Florida.....	1,144,210
Georgia.....	1,392,284
Idaho.....	53,642
Illinois.....	57,922
Indiana.....	93,623
Iowa.....	50,486
Kansas.....	2,803
Kentucky.....	17,320
Louisiana.....	674,922
Maine.....	44,924
Maryland.....	173,507
Massachusetts.....	38,953
Michigan.....	104,448
Minnesota.....	58,582
Mississippi.....	1,062,172
Missouri.....	17,845
Montana.....	8,139
Nebraska.....	731
New Hampshire.....	34,723
New Jersey.....	2,735
New Mexico.....	1,190
New York.....	60,133
North Carolina.....	910,533
Ohio.....	163,290
Oklahoma.....	47,621
Oregon.....	516,929
Pennsylvania.....	35,691
Puerto Rico.....	3,740
South Carolina.....	1,310,159
South Dakota.....	27,892
Tennessee.....	164,172
Texas.....	681,826
Vermont.....	18,059
Virginia.....	753,560
Washington.....	322,140
West Virginia.....	25,010
Wisconsin.....	164,395
Wyoming.....	54,622
Undistributed.....	1,092
Subtotal.....	<u>12,325,814</u>
FS Technical Assistance.....	--
Total.....	<u>\$12,325,814</u>

NATURAL RESOURCES CONSERVATION SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1994 and Estimated 1995 and 1996
 FORESTRY INCENTIVES PROGRAM

	1994	1995	1996
Alabama.....	\$916,025	\$528,901	\$422,247
Alaska.....	-16,531	33,065	26,397
Arizona.....	0	8,093	6,461
Arkansas.....	709,206	415,270	331,530
California.....	115,728	73,919	59,013
Colorado.....	6,071	8,142	6,500
Connecticut.....	5,169	9,496	7,581
Delaware.....	86,367	128,432	102,533
Florida.....	1,066,571	544,600	434,780
Georgia.....	1,452,527	619,607	494,662
Idaho.....	57,531	29,070	23,208
Illinois.....	54,393	29,664	23,682
Indiana.....	81,728	53,378	42,614
Iowa.....	74,670	23,065	18,414
Kansas.....	4,311	10,756	8,587
Kentucky.....	90,739	75,201	60,037
Louisiana.....	650,256	346,569	276,683
Maine.....	70,837	28,325	22,613
Maryland.....	137,422	63,000	50,296
Massachusetts.....	46,212	47,784	38,148
Michigan.....	52,994	58,481	46,688
Minnesota.....	42,032	187,292	149,524
Mississippi.....	970,773	487,106	388,880
Missouri.....	13,070	138,580	110,635
Montana.....	10,754	7,252	5,790
Nebraska.....	-1,219	33,763	26,955
New Hampshire.....	40,948	27,342	21,828
New Jersey.....	160	18,698	14,928
New Mexico.....	4,463	11,149	8,901
New York.....	69,273	42,220	33,706
North Carolina.....	698,187	369,845	295,265
Ohio.....	159,449	94,634	75,551
Oklahoma.....	104,659	147,550	117,796
Oregon.....	496,627	258,390	206,285
Pennsylvania.....	49,868	143,616	114,656
Puerto Rico.....	-200	20,865	16,658
Rhode Island.....	0	4,845	3,868
South Carolina.....	1,039,841	489,401	390,712
South Dakota.....	20,066	14,083	11,243
Tennessee.....	84,022	77,695	62,028
Texas.....	899,213	668,079	533,363
Vermont.....	12,969	14,657	11,701
Virginia.....	879,654	392,169	313,087
Washington.....	277,182	258,450	206,333
West Virginia.....	12,686	108,598	86,699
Wisconsin.....	137,456	178,592	142,579
Wyoming.....	53,131	89,633	71,558
Undistributed.....	-48,659	49,849	39,797
Subtotal.....	11,688,631	7,469,171	5,963,000
FS Technical Assistance.....	1,282,000	672,717	662,000
Total, Available or Estimate.....	<u>\$12,970,631</u>	<u>\$8,141,888</u>	<u>\$6,625,000</u>

FORESTRY INCENTIVES PROGRAM

STATUS OF PROGRAM

Current Activities: The Forestry Incentives Program (FIP) is available in counties designated on the basis of a Forest Service survey of total eligible private timberland available for potential production of timber products. Under USDA reorganization, administration of this program is being transferred from the former ASCS to the new Natural Resources Conservation Service. During the transitional year of 1995, the NRCS is utilizing the delivery system of the successor to ASCS, the Consolidated Farm Service Agency (CSFA).

Features of the program include:

- Cost-Share Rate. FIP shares up to 65 percent of the cost of performing forestry practices designed to plant or improve a stand of forest trees. The percentage cost-shared depends on the rate set in a particular State and county by the NRCS in consultation with the State forester or equivalent State official.
- Eligibility. To be eligible for cost-sharing assistance under FIP, a landowner must:
 - Own private, nonindustrial forest land that is capable of producing marketable timber crops and meeting minimum productivity standards of at least 50 cubic feet of wood per acre per year.
 - Qualify as a private individual, group, Indian tribe or other native group, association, corporation (excluding corporations whose stocks are publicly traded), or other legal entity who owns no more than 1,000 acres of eligible forest land (unless NRCS determines it is in the public interest to grant an exception for a larger unit of up to 5,000 acres).
 - Restrict the manufacture of forest products to a part-time or irregular basis.
- Forest Management Plan. Once an eligible landowner requests assistance through a CFSA county office, a representative of the State forestry agency examines the landowner's property to certify the need for the practice. The landowner may enter into either an annual or long-term agreement (3-10 years). As a condition for cost-sharing assistance, the landowner works with the State forester to develop a forest management plan. The plan, when completed, must be approved by the State forester or his or her representative. The State forestry agency provides technical advice and helps find approved vendors, if needed, for getting the work accomplished.
- Payment Limitation. Once the State forestry agency certifies that the project is complete, the county CFSA office makes the cost-share payments. The payment limitation to any person during any year is \$10,000.
- Practices. The practices for which costs are shared under FIP are as follows:
 - FP1-Planting Trees. This practice is intended to increase the production of timber and improve the environment. Site preparation is an authorized part of the practice if certified as necessary by a representative of the State forestry agency.
 - FP2-Improving a Stand of Forest Trees. This practice is aimed at increasing growth of trees on sites suitable for production of sawtimber and veneer logs. Both softwood and hardwood improvement practices may qualify. Precommercial thinning, pruning of crop trees, and releasing desirable seedlings and young trees are acceptable measures.

- FP3-Site Preparation for Natural Regeneration. This practice is aimed at establishing a stand of forest trees through natural regeneration for timber production purposes and to preserve and improve the environment.
- SF-Special Forestry Practices. A special forestry practice may be approved by the NRCS after consultation with the Forest Service when needed for a significant and unique local condition for which the national practices are not adequate.

Selected Examples of Recent Progress:

- Participation. During fiscal year 1993 there were 5,467 participants. From fiscal year 1975, when the program became separately funded, through fiscal year 1993, 126,418 participants entered cost-share agreements to increase the production of timber on 4,342,894 acres of private forest lands. Forestry studies indicate that over 30 percent of all tree planting on nonindustrial, private lands is accomplished through FIP.
- Payments. Outlays in fiscal year 1993 totaled \$13,113,438.

The following tables show (a) the number of acres by type of practice, and (b) the outlays and number of participants for fiscal years 1983 through 1993.

Forestry Incentives Program
Number of Acres

<u>Fiscal Year</u>	<u>Tree Planting</u>	<u>Timberstand Improvement</u>	<u>Special Forestry and Site Prep.</u>
1983	145,333	58,353	3,163
1984	129,959	33,345	2,336
1985	167,307	37,133	2,592
1986	189,978	35,830	2,776
1987	118,455	26,138	2,514
1988	157,410	29,389	2,455
1989	164,133	30,533	3,617
1990	150,717	33,199	2,811
1991	176,201	36,447	2,374
1992	161,767	43,192	3,487
1993	175,742	35,426	2,443

Forestry Incentives Program
Outlays and Number of Participants

<u>Fiscal Year</u>	<u>Outlays</u>	<u>Participants</u>
1983	\$10,196,648	6,598
1984	7,935,825	4,868
1985	12,478,448	5,435
1986	11,241,014	6,323
1987	9,082,664	4,060
1988	12,373,488	5,168
1989	10,191,262	5,048
1990	10,759,175	4,760
1991	14,222,122	5,417
1992	12,975,545	5,179
1993	13,112,438	5,467

NATURAL RESOURCES CONSERVATION SERVICE

Water Bank Program

Appropriations Act, 1995.....	--
Budget Estimate, 1996.....	--
Change in Appropriation.....	--
Adjustment in 1995:	
Appropriation Act, 1995.....	--
Transfer of funds from WRP account.....	\$889,800
Adjusted base for 1995.....	889,800
Budget Estimate, 1996.....	--
Decrease from adjusted 1995.....	<u>-\$889,800</u>

NOTE: The Water Bank Extension Act of 1994, authorizes the transfer of funds from the WRP account to fund expiring 1985 WBP agreements.

SUMMARY OF INCREASES AND DECREASES
(on basis of adjusted appropriation)

<u>Item of Change</u>	<u>1995</u> <u>Estimated</u>	<u>Program</u> <u>Changes</u>	<u>Pay Cost</u>	<u>Other</u> <u>Changes</u>	<u>1996</u> <u>Estimated</u>
Annual payments to landowners.....	\$889,800	-\$889,800	--	--	--
Total Available...	\$889,800	-\$889,899	--	--	--

PROJECT STATEMENT
(On basis of adjusted appropriation)

<u>Project</u>	<u>1994</u> <u>Actual</u>	<u>1995</u> <u>Estimated</u>	<u>Increases or</u> <u>Decreases</u>	<u>1996</u> <u>Estimated</u>
Annual payments to landowners	\$7,360,000:	\$889,800:	-\$889,800	--
Total available or estimate	7,360,000:	889,800:	-889,800(1):	--
NRCS technical assist	640,000:	--:		
Total appropriation..	\$8,000,000:	\$889,800:		

PROJECT STATEMENT
(On basis of available funds)

<u>Project</u>	<u>1994</u> <u>Actual</u>	<u>1995</u> <u>Estimated</u>	<u>Increases or</u> <u>Decreases</u>	<u>1996</u> <u>Estimated</u>
Annual payments to landowners.....	\$9,537,364:	\$1,326,149:	-\$1,326,149:	--
Technical assistance.	566,017:	--:	--:	--
Total available.....	10,103,381:	1,326,149:	-1,326,149:	--
Unobligated balance brought forward.....	-2,539,730:	-436,349:	+436,349:	--
Unobligated balance carried forward.....	436,349:	--:	--:	--
Total appropriation..	\$8,000,000:	\$889,800:	-\$889,800:	--

JUSTIFICATION OF INCREASES AND DECREASES

- (1) A decrease of \$889,800 for WBP 10-year agreements with landowners and operators.

The fiscal year FY 1996 request proposes no funding for the Water Bank Program (WBP). In order to continue the Administration's goal of "no net loss of wetlands" USDA has implemented the Wetlands Reserve Program (WRP), in efforts to preserve, protect and restore valued wetlands, and to improve wildlife and migratory bird habitat. Currently, the WRP operates in all Water Bank States, complementing the efforts of the Water Bank Program, while ensuring the preservation of our Nation's Wetlands and achieving flood control.

The Water Bank Extension Act of 1994, extends for one year 1985 agreements entered into under the Water Bank Act and due to expire on December 31, 1994. Funding for the expiring 1985 Water Bank agreements will be transferred from the Wetlands Reserve Program FY 1995 appropriation, in the amount of \$889,800, to this account as authorized under the Water Bank Extension Act of 1994.

The Water Bank Program protects existing wetlands by reducing their vulnerability to drainage and filling and bottomland and hardwood removal. The Wetlands Reserve Program is a voluntary program that requires long term easements and restores wetland functions and values. There are approximately 755,000 acres currently under 10-year WBP voluntary agreements, of which 373,000 are estimated as wetlands. The FY 1995 funds made available for the Water Bank Program will provide funding for approximately 63,000 acres.

The following tables show outlays for fiscal year 1994 and geographic breakdown of obligations for fiscal years 1994-1996.

Water Bank Program
Fiscal Year 1994 Outlays by State

<u>State</u>	<u>Outlays</u>
Arkansas.....	\$714,347
California.....	488,178
Kentucky.....	28,553
Louisiana.....	866,880
Michigan.....	--
Minnesota.....	2,031,733
Mississippi.....	971,808
Montana.....	213,620
Nebraska.....	237,693
North Dakota.....	3,109,911
Ohio.....	115,675
South Dakota.....	1,588,670
Wisconsin.....	648,161
NRCS Technical Assistance.....	566,017
Total.....	<u>\$11,581,246</u>

Natural Resources Conservation Service
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1994 and Estimated 1995 and 1996
 WATER BANK PROGRAM

State	1994 Actual	1995 Estimated	1996 Estimated
Arkansas.....	\$734,996	\$40,300	--
California.....	369,248	52,800	--
Kentucky.....	188,850	--	--
Louisiana.....	652,426	49,300	--
Minnesota.....	1,726,456	161,800	--
Mississippi.....	930,758	52,500	--
Montana.....	245,103	12,000	--
Nebraska.....	273,100	16,500	--
North Dakota.....	2,195,533	345,300	--
Ohio.....	293,491	--	--
South Dakota.....	1,234,405	107,200	--
Wisconsin.....	692,998	52,100	--
Undistributed.....	--	436,349	--
Subtotal, Program.....	9,537,364	1,326,149	--
NRCS Technical Assistance	566,017	--	--
Total available or est...	<u>\$10,103,381</u>	<u>\$1,326,149</u>	--

WATER BANK PROGRAM

STATUS OF PROGRAM

Current Activities: Under the Water Bank Program, persons having eligible wetlands in selected migratory waterfowl nesting, breeding, and feeding areas enter into 10-year agreements, with provision for renewal, and receive annual payments for preserving wetlands.

The Water Bank Act, as amended by P.L. 96-182, January 2, 1980, authorizes the Secretary to review rental rates on agreements at the beginning of the fifth year and at time of renewal, and to adjust these rates if land and crop values have changed.

The amended Act also specifies that payments cannot exceed \$30 million in any calendar year, and that not more than 15 percent of the funds authorized to be appropriated in any fiscal year may be used for agreements in any one State.

The Water Bank Extension Act of 1994, extends for one year 1985 agreements entered into under the Water Bank Act (16 U.S.C. 1301 et seq.) and due to expire on December 31, 1994. Funding for the expiring 1985 Water Bank agreements will be transferred from the Wetlands Reserve Program FY 1995 appropriation to this account as authorized under the Water Bank Extension Act of 1994.

Selected Examples of Recent Progress:

The 540 agreements entered into in 1985 will expire December 31, 1994, and may be extended for a period of one year, from January 1, 1995 through December 31, 1995, under the Water Bank Extension Act of 1994.

During fiscal year 1995, landowners will be notified of their expiring agreements, and offered the opportunity to extend the agreements.

The tables that follow show (a) 1994 calendar year agreements by State through September 1994, and (b) the status of calendar year agreements from 1985 through September 1994.

Water Bank Program
1994 Calendar Year Agreements
As of September 30, 1994

State	Number of Approved Counties	Number of Agreements	Designated Acres	Annual Payments for Designated Acreage
Arkansas	17	86	12,956.0	\$90,328
California	12	5	2,874.3	42,141
Kentucky	2	17	868.5	12,756
Louisiana	7	39	5,604.5	61,213
Minnesota	48	94	5,730.7	170,757
Mississippi	7	41	6,642.9	70,852
Montana	10	21	2,191.3	28,620
Nebraska	24	15	613.5	13,896
North Dakota	36	164	19,121.3	274,553
Ohio	6	29	1,088.7	25,391
South Dakota	40	75	9,323.6	157,239
Wisconsin	22	44	1,940.3	61,833
Total	231	630	68,955.6	\$1,009,579

Water Bank Program
Status of Calendar Year Agreements
1985 Through September 30, 1994

Calendar Year	Number of Agreements	Total Acres	Wetland Acres	Adjacent Acres	Annual Payments
1985	540	63,273.6	23,737.1	39,536.5	\$889,800
1986	330	36,599.7	13,630.9	22,968.8	514,724
1987	481	58,158.0	23,549.5	34,608.5	892,387
1988	495	63,546.1	25,562.4	37,983.7	992,212
1989	535	61,965.3	29,962.9	32,002.4	922,261
1990	747	74,619.3	35,900.7	38,718.6	1,070,653
1991	793	87,327.2	42,268.1	45,059.1	1,213,004
1992	1,045	114,300.2	63,229.5	51,070.7	1,646,569
1993	1,071	126,309.7	78,421.9	47,887.8	1,675,195
1994	630	68,955.6	36,725.0	32,230.6	1,009,579
Total	6,667	755,054.7	372,988.0	382,066.7	\$10,826,384

NATURAL RESOURCES CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

River Basin Surveys and Investigations

For necessary expenses to conduct research, investigation, and surveys of watersheds of rivers and other waterways, in accordance with section 6 of the Watershed Protection and Flood Prevention Act approved August 4, 1954, as amended (16 U.S.C. 1006-1009), [~~\$12,970,000~~] \$11,210,000: Provided, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$60,000 shall be available for employment under 5 U.S.C 3109.

River Basin Surveys and Investigations

Appropriation Act, 1995.....	\$12,970,000
Budget Estimate, 1996.....	11,210,000
Decrease in Appropriation.....	<u>- \$1,760,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>1995 Estimated</u>	<u>Program Changes</u>	<u>Pay Cost</u>	<u>Other Changes</u>	<u>1996 Estimated</u>
River Basin Surveys:					
1. USDA cooperative studies.....	\$7,523,000	+\$793,000	+\$95,000	+\$6,000	\$8,417,000
2. Flood plain management assistance.....	3,372,000	-2,418,000	+43,000	+3,000	1,000,000
3. Interagency coordination and program formulation.....	2,075,000	-308,000	+26,000	--	1,793,000
TOTAL AVAILABLE.....	<u>\$12,970,000</u>	<u>-\$1,933,000</u>	<u>+\$164,000</u>	<u>+\$9,000</u>	<u>\$11,210,000</u>

PROJECT STATEMENT
(On basis of appropriation)

<u>Project</u>	<u>1994 Amount</u>	<u>:Staff: :Years:</u>	<u>1995 Estimated Amount</u>	<u>:Staff: :Years:</u>	<u>Increase or Decrease</u>	<u>1996 Estimated Amount</u>	<u>:Staff: :Years:</u>
River Basin Surveys:							
1. USDA cooperative studies.....	\$7,820,000:	105:	\$7,523,000:	100:	+\$894,000	\$8,417,000:	107
2. Flood plain mgmt. assistance.....	3,505,000:	47:	3,372,000:	44:	-2,372,000	1,000,000:	12
3. Interagency coord. and program form..	2,157,000:	29:	2,075,000:	27:	-282,000	1,793,000:	23
Total available or est	<u>\$13,482,000:</u>	<u>181:</u>	<u>\$12,970,000:</u>	<u>171:</u>	<u>-\$1,760,000(1)</u>	<u>\$11,210,000:</u>	<u>142</u>

PROJECT STATEMENT
(On basis of available funds)

<u>Project</u>	<u>1994 Amount</u>	<u>:Staff: :Years:</u>	<u>1995 Estimated Amount</u>	<u>:Staff: :Years:</u>	<u>Increase or Decrease</u>	<u>1996 Estimated Amount</u>	<u>:Staff: :Years:</u>
Direct obligations:							
River Basin Surveys:							
1. USDA cooperative studies.....	\$7,764,202:	105:	\$7,523,000:	100:	+\$894,000:	\$8,417,000:	107
2. Flood Plain management assistance...	3,480,505:	47:	3,372,000:	44:	-2,372,000:	1,000,000:	12
3. Interagency coord. and program form..	2,141,849:	29:	2,075,000:	27:	-282,000:	1,793,000:	23
Total direct oblig....	<u>13,386,556:</u>	<u>181:</u>	<u>12,970,000:</u>	<u>171:</u>	<u>-1,760,000:</u>	<u>11,210,000:</u>	<u>142</u>
Unobligated balance lapsing.....	+95,444:	--:	--:	--:	--:	--:	--
Total available or est	<u>13,482,000:</u>	<u>181:</u>	<u>12,970,000:</u>	<u>171:</u>	<u>-1,760,000:</u>	<u>11,210,000:</u>	<u>142</u>
Reimbursable oblig....	883,737:	13:	1,000,000:	16:	--:	1,000,000:	16
Obligational authority	<u>\$14,365,737:</u>	<u>194:</u>	<u>\$13,970,000:</u>	<u>187:</u>	<u>-\$1,760,000:</u>	<u>\$12,210,000:</u>	<u>158</u>

SOURCES OF REIMBURSEMENTS

Project	1994 Actual	1995 Estimated	: Increase or: Decrease	1996 Estimated
River Basin Surveys:	:	:	:	:
USDA cooperative studies.....	\$75,696	\$90,000	--	\$90,000
Flood Insurance Studies.....	183,563	210,000	--	210,000
Other Federal Sources.....	252,942	290,000	--	290,000
Other Non-Federal Sources.....	371,536	410,000	--	410,000
Total reimbursements.....	\$883,737	\$1,000,000	--	\$1,000,000

OUTLAYS

Project	1994 Actual	1995 Estimated	: Increase or: Decrease	1996 Estimated
River Basin Surveys:	:	:	:	:
1. USDA Cooperative Studies.....	\$7,607,393	\$7,571,000	-\$1,194,000	\$6,377,000
2. Flood plain management assist...	3,409,706	3,395,000	-535,000	2,860,000
3. Interagency coordination and program formulation.....	2,098,358	2,088,000	-330,000	1,758,000
Total Outlays.....	\$13,115,457	\$13,054,000	-\$2,059,000	\$10,995,000

The following tabulation shows the number of surveys and obligations by type of survey for fiscal years 1994, 1995, and 1996.

	1994	1995	1996
1. Surveys in cooperation with State and other Federal agencies:			
(1) Surveys in progress, start of year.....	90	114	130
(2) Surveys initiated during year.....	54	46	40
(3) Surveys completed during year.....	30	30	50
(4) Surveys in progress, end of year.....	114	130	120
Total Cost Cooperative Surveys (000's).....	\$7,820	\$7,523	\$8,417
2. Flood Plain Management Assistance Program:			
(1) Studies in progress, start of year.....	84	78	75
(2) Studies initiated during year.....	14	17	0
(3) Studies completed during year.....	20	20	25
(4) Studies in progress, end of year.....	96	75	50
Total Cost Flood Plain Management Studies (000's)	\$3,505	\$3,372	\$1,000
Reimbursable Flood Insurance Studies (non-add) (000's).....	(\$884)	(\$1,000)	(\$1,000)
(1) Studies in progress, start of year.....	7	4	4
(2) Studies initiated during year.....	3	4	4
(3) Studies completed during year.....	6	4	4
(4) Studies in progress, end of year.....	4	4	4
3. Interagency Coordination and Program Formulation (000's).....	\$2,157	\$2,075	\$1,793
Total direct obligations (000's).....	\$13,482	\$12,970	\$11,210

JUSTIFICATION OF INCREASES AND DECREASES

(1) A decrease of \$1,760,000 consisting of:

- (a) An increase of \$164,000 for River Basins Surveys and Investigations Program pay costs consisting of \$133,000 for the 1996 general pay raise and \$31,000 to annualize the fiscal year 1995 pay adjustment.

The annual cost-of-living pay adjustment anticipated in fiscal year 1996 and unfunded cost associated with the fiscal year 1995 locality pay

adjustment for River Basin activities will be \$164,000 in fiscal year 1996. Absorbing the 1996 pay costs would reduce NRCS staffing for this program by an additional 2 FTE (1.5%). Anticipated program accomplishments could not be maintained without the staff, and the Secretary's reorganization would be more difficult to implement as would the reinventing initiatives contained in Vice President Gore's National Performance Review.

This increase in pay cost fund would be used to pay salaries and benefits for the 142 FTE requested in 1996.

- (b) An increase of \$84,000 for the anticipated 2.6 percent increase of non-pay costs associated with River Basin Surveys and Investigations program operations in fiscal year 1996.

An estimated \$84,000 is needed to fund the uncontrollable increased operating cost for the River Basins program in fiscal year 1996. Absorbing these costs would reduce NRCS staffing by 1 FTE (-0.8%) because full funding for program support has not been provided several times in prior years, and funds available for program support are at a minimal level. Anticipated program results could not be maintained without these funds.

The increased funding would be used to provide adequate support costs for staffing levels approved for fiscal year 1996, including travel, space, equipment, etc.

- (c) A decrease of \$75,000 for administrative efficiency.

To implement the President's Executive Order, to reduce overhead-type outlays from the FY 1993 baseline, by 3 percent in FY 1994, 6 percent in FY 1995, 9 percent in FY 1996 and 14 percent in FY 1997, budget authority in 1996 is reduced by \$75,000.

In order to achieve these savings, NRCS will reduce discretionary expenses in the program by \$75,000, in areas such as travel, transportation of things, rent, communications, miscellaneous services, and supplies. These cost decreases will be achieved through reinvention/reorganization processes already well underway. There will be no significant impact on program operations as long as the agency is funded for the FY 1996 increased pay and inflationary costs.

- (d) A decrease of \$1,933,000 for program funding.

This decrease is a part of a reduction to meet overall USDA budget and spending targets.

This funding level reduces the size and scope of River Basin studies and directs work to high priority resource concerns in areas where there is a high level of local participation and commitment to implementing study recommendations with other than federal programs. Work will continue on the cooperative river basin studies and flood plain management studies already in progress at the beginning of 1996. Priority would be given to completing studies where local sponsors are willing and able to pay the costs of measure installation.

The program will include a broader ecosystem management approach to helping local and state entities solve their natural resource problems. There will be a continued emphasis on studies that respond to water and related land resources needs related to agricultural and rural community flooding, agricultural pollutants contributing to nonpoint water quality degradation, and agricultural water management. The shift in emphasis is reflected by proposing to undertake more USDA cooperative studies and fewer flood plain management studies within the funding level requested.

Natural Resources Conservation Service
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS
1994 and Estimated 1995 and 1996
 RIVER BASIN SURVEYS AND INVESTIGATIONS

	1994		1995		1996	
	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS
ALABAMA.....	\$77,304	3	\$80,130	1	\$64,730	1
ALASKA.....	129,948	1	119,190	2	108,820	1
ARIZONA.....	119,998	2	54,090	1	100,490	1
ARKANSAS.....	274,990	5	245,400	3	230,280	3
CALIFORNIA.....	400,001	6	400,650	5	334,960	4
COLORADO.....	200,000	3	220,360	3	167,480	2
CONNECTICUT....	175,003	3	175,280	2	146,550	2
DELAWARE.....	69,981	2	60,100	1	58,600	1
FLORIDA.....	234,999	3	262,420	3	196,790	3
GEORGIA.....	199,996	4	233,380	3	167,480	3
HAWAII.....	246,006	3	175,280	2	206,010	2
IDAHO.....	264,926	4	154,250	2	221,850	2
ILLINOIS.....	119,934	1	120,190	2	100,430	1
INDIANA.....	274,429	4	275,440	4	229,810	3
IOWA.....	324,999	5	269,430	3	272,160	3
KANSAS.....	199,997	3	200,320	3	167,480	2
KENTUCKY.....	224,947	3	225,360	3	188,370	3
LOUISIANA.....	249,925	3	265,430	3	209,290	3
MAINE.....	69,994	0	102,160	1	58,610	1
MARYLAND.....	30,002	1	45,070	1	25,120	1
MASSACHUSETTS..	36,802	0	112,980	1	30,820	1
MICHIGAN.....	239,999	4	245,400	3	200,980	3
MINNESOTA.....	341,007	5	272,440	3	285,560	3
MISSISSIPPI....	299,056	6	300,480	4	250,430	3
MISSOURI.....	388,504	6	386,620	5	325,340	4
MONTANA.....	170,002	3	175,280	2	142,360	2
NEBRASKA.....	290,001	4	275,440	4	242,850	3
NEVADA.....	69,917	1	75,120	1	58,550	1
NEW HAMPSHIRE..	267,198	4	196,320	3	223,750	2
NEW JERSEY.....	139,379	4	140,230	3	116,720	2
NEW MEXICO.....	438,999	5	224,360	3	367,620	3
NEW YORK.....	244,732	4	263,420	4	204,940	3
NORTH CAROLINA..	224,892	4	220,360	3	188,330	2
NORTH DAKOTA...	100,001	2	123,200	2	83,740	1
OHIO.....	324,999	6	325,530	5	272,160	4
OKLAHOMA.....	208,497	4	165,270	3	174,600	2
OREGON.....	139,917	2	260,420	3	117,170	3
PACIFIC BASIN..	44,000	0	106,170	1	36,850	1
PENNSYLVANIA...	99,967	1	97,160	1	83,710	1
PUERTO RICO....	69,994	1	102,160	1	58,610	1
RHODE ISLAND...	56,000	1	87,340	1	46,890	1
SOUTH CAROLINA..	240,001	4	235,380	3	200,980	3
SOUTH DAKOTA...	120,000	2	131,210	2	100,490	1
TENNESSEE.....	274,835	5	260,420	4	230,150	3
TEXAS.....	270,001	5	270,440	4	310,580	3
UTAH.....	175,004	3	134,220	2	146,550	2
VERMONT.....	149,989	2	150,240	2	125,600	2
VIRGINIA.....	199,919	4	203,330	3	167,410	2
WASHINGTON.....	279,524	3	360,580	5	234,080	4
WEST VIRGINIA..	219,982	2	200,320	3	184,210	2
WISCONSIN.....	195,002	3	180,290	2	163,300	2
WYOMING.....	199,997	3	200,320	3	167,480	2
CHESTER NTC....	75,953	1	0	0	63,600	0
FORT WORTH NTC.	323,213	3	0	0	270,650	0
LINCOLN NTC....	148,000	3	0	0	123,940	0
PORTLAND NTC...	250,900	2	0	0	210,110	0
NATIONL HDQTRS.	1,400,964	3	2,233,220	29	1,173,180	23
FOREST SERVICE.	782,030	7	570,400	5	570,400	5
Total Available or Estimate..	\$13,386,556	181	\$12,970,000	171	\$11,210,000	142

RIVER BASIN SURVEYS AND INVESTIGATIONS

STATUS OF PROGRAM

The Watershed Protection and Flood Prevention Act, Public Law 83-566, Section 6, August 4, 1954, provides for cooperation with other Federal, State, and local agencies in making investigations and surveys of river basins as a basis for the development of coordinated water resource programs. Reports of the investigations and surveys serve as guides for the development of water, land, and related resources in agricultural, rural, and urban areas within upstream watershed settings. They also serve as a basis for coordination with major river systems and other phases of water resource management and development.

The River Basin Surveys and Investigations Programs cooperates with State agencies and local units of government to identify water and related land resource problems and ecosystem needs, to evaluate alternative solutions, to assist local governments, determine priorities, and to assist in developing implementation programs.

The Natural Resources Conservation Service has leadership for administering river basin surveys, investigations, and planning activities including the development of general planning principles, criteria, and procedures; determining land resources availability and land uses; appraising physical problems and needs; determining water, land, and related resources potential of upstream watersheds; and, coordinating programs with other agencies. During FY 1994, the Natural Resources Conservation Service obligated \$12,604,526 of the available program funds.

The Forest Service is responsible for forestry aspects of river basin planning, both Federal and non-Federal, and for rangelands administered within National Forests and for the analysis and projection of economic activity related to forest industries. During FY 1994 the Forest Service obligated \$840,000 of the available program funds.

Other agencies in the Department participate in reviews and provide inputs where items of concern to the agency are involved.

COOPERATIVE RIVER BASIN SURVEYS

Current activities: Current program activities focus on ecosystem based assistance and restoring the health of ecosystems through a comprehensive planning approach. The River Basin Surveys and Investigations Program is composed of cooperative river basin studies (CRBS) and flood plain management studies (FPMS). Technical assistance is provided in planning activities utilizing an interagency/interdisciplinary team of planners. CRBS are initiated upon request by a State agency in response to broad basinwide problems that may be addressed consistent with the mission and responsibility of the USDA.

River Basin Program natural resource activities range from basinwide strategies plans to detailed resource plan evaluations. Strategies plans involve cooperating with State and local natural resource agencies to identify ecosystems and severe natural resource problems; and set priorities for future conservation program activities. Strategic plans also involve assisting the State water quality agencies develop Section 319 nonpoint source water quality management plans. In the process of developing detailed resource plans, assistance is provided to identify specific ecosystem problems in hydrologic areas, formulate alternatives to solve the problems and encourage sponsors to adopt one of the alternatives as their locally implemented resource plan.

National priorities for the River Basin Surveys and Investigations Program are listed below. In all studies, NRCS's river basin program efforts encourage the use of ecosystem based assistance and restoration of the health of critical ecosystems.

- Assistance to State government for the development of a strategic water management plan that encourages coordination at the State level of State, Federal, and public partners.

- Encourage States to develop and update a natural resources plan that recognizes nonpoint water quality problems, wetland protection and enhancement needs, water conservations and drought management, upstream flood reduction potentials, floodplain management opportunities, and other ecosystem concerns.
- Cooperative river basin studies that identify ecosystem problems and issues and set priorities for implementation of detailed studies or other planning activities.
- Cooperative river basin studies that integrate the following objectives into a total or holistic resource management plan: improvement of water quality, protection or restoration of wetlands, utilization and restoration of riparian areas, wildlife habitat development, and flood damage reduction studies that emphasize the nonstructural solution to reduce flood losses.
- Assistance to protected groups and low-income communities that create jobs, improve living conditions, and is a real investment for the Nation.
- Providing encouragement and assistance in updating the State's 319 nonpoint pollution abatement plans and other State water management plans with the objective of comprehensively examining water resource issues and developing a system to set priorities in dealing with the water issues.

USDA Cooperative Surveys with Local, State, and Concerned Federal Agencies: The Department cooperates with local, State, and concerned Federal agencies in the preparation and updating of State water resource plans and special water and related land resources studies. The Department helps States coordinate upstream and downstream elements of water and related land resources planning activities. Through FY 1994 the Department has initiated 505 cooperative surveys and has completed 390.

Joint USDA - Corps of Engineers Studies (PL-87-639): Upon request by the Congress, USDA cooperates with the U.S. Army Corps of Engineers in joint investigations and surveys for solving water and related resource problems for river basins or other specific problem areas. Two studies are expected to be in planning during FY 1995.

FLOOD PLAIN MANAGEMENT ASSISTANCE PROGRAM

Current Activities: Floodplain management studies are special studies that coordinate the reduction in the loss of life, disruption, and damage caused by floods and to preserve and restore the natural resources and functions of the floodplain. The Natural Resources Conservation Service cooperates with other Federal and State floodplain management offices to develop priorities for floodplain studies and encourages the use of nonstructural measures to reduce flood damages.

Floodplain management is a decisionmaking process that aims to achieve the wise use of floodplains. There are four main program strategies for managing floodplains: 1) reducing human susceptibility to flood damage and disruption; 2) modifying the impact of flooding on individuals and the community; (3) preserving and restoring the natural resources of floodplains and riparian areas, and 4) enhancing wetlands and other wildlife benefits.

The program effort is supported by an array of tools that include local ordinances, hazard and resource identification programs, control structures, development/redevelopment policies, public awareness campaigns, natural resource enhancements, and proper land uses.

The floodplain management program encourages local decisionmakers to choose the best mixture of strategies and tools, balance competing uses, weigh costs and benefits, and evaluate various alternatives--keeping in mind the physical characteristics of the floodplain in question, the needs and desires of the people who have an interest in it, and the potential impact proposed uses will have on the future.

To ensure that the result of this ongoing, nationwide decisionmaking process is improvement of the status of the Nation's floodplains, four broad goals have been recommended, along with a list of objectives that must be accomplished to reach them. These are to: 1) Formalize a national goal-setting and monitoring system for

floodplain management; 2) Reduce by at least half, the risks to life, property, and the natural resources of the Nation's floodplain; 3) Develop and implement a process to encourage positive attitudes toward floodplain management; 4) Establish in-house floodplain management capability nationwide.

The information generated by floodplain management studies serves as the basis for recommendations to conservation district cooperators and State and local planners and officials regarding proposed land use changes; assisting rural upstream communities with their floodplain management programs and location and use of wetlands; and determining the flooding hazard of proposed housing and building sites for other agencies, such as the Farmers Home Administration. These studies also help identify local implementation programs for flood proofing, emergency preparedness, and other floodplain management activities. The information developed in floodplain management studies is also utilized in a variety of USDA ongoing programs. The study findings are used in watershed planning and preplanning, river basin surveys and investigations, and the reevaluation of floodplains below completed watershed projects. A total of 651 floodplain management studies have been initiated through FY 1994; 578 studies have been completed.

Flood Insurance Studies. NRCS performs reimbursable flood insurance studies for the Federal Emergency Management Agency under Section 1360c of the National Flood Insurance Act of 1968 (Public Law 90-448). Flood insurance studies provide the technical information to enable communities to adopt floodplain management regulations to meet the requirements of the National Flood Insurance Program. NRCS initiated 3 new flood insurance studies in FY 1994 and has completed a total of 546 detailed flood insurance studies.

INTERAGENCY COORDINATION AND PROGRAM FORMULATION

Interagency coordination and program formulation in water and related land resources are achieved at the Federal level through the Cabinet Council on Natural Resources and Environment. The Secretary of Agriculture is a member of the Council. The Secretary has also organized a Policy Coordination Council in the Department. USDA is represented on an interagency Floodplain Management task force and on an Interagency Hazard Mitigation Task Force. Several subcommittees are organized to carry out the work of these task forces.

At the field level, coordination of regional and river basin planning has been achieved through River Basin Commissions, Interagency Committees, and ad hoc coordinating committees. With the discontinuance in FY 1982 of River Basin Commissions formed under the Water Resources Planning Act of 1965, PL 89-80, other regional entities have replaced the Commissions. The Natural Resources Conservation Service continues to represent the Department when USDA representation is needed on the newly formed regional entities.

SELECTED EXAMPLES OF RECENT PROGRESS AND ACCOMPLISHMENTS

Study priorities for Cooperative River Basin Surveys are identified in the National Conservation Program as erosion reduction, flood prevention, water conservation, and water quality improvement. A total of 54 Cooperative River Basin Surveys and 14 flood plain management studies were started in FY 1994.

Water Quality Improvement: Water quality improvement focuses on off-site effects from agricultural non-point source pollutants, groundwater, water quality effects, and animal waste management.

Studies will evaluate the existing off-site surface and groundwater quality problems, estimate the environmental and economic damages, identify the sources of the non-point agricultural pollutants, predict future loadings based on agriculture trends, develop alternative best management practices (BMP's) to reduce the off-site problems, prioritize areas of potential treatment, and prepare a report for conservation districts and state agencies to use in implementing BMP's. Studies have been selected based on being consistent with priority problem areas as

recognized by the appropriate state agency who manages water quality improvement, the critical resource being adversely impacted, and the concentration of agriculture.

Activities That Support Local Implementation: Both cooperative river basin surveys and flood plain management studies provide technical assistance to state and local agencies. Technical assistance is provided to assist state and local agencies to formulate soil erosion reduction, flood prevention, water conservation, and water quality plans. State and local as well as private resources are then used to implement the plans.

COOPERATIVE RIVER BASIN STUDIES

Kenai River Cooperative River Basin Study, Alaska. This study was requested by the Kenai Soil and Water Conservation District to provide detailed soil and vegetation maps and interpretations useful to all land owners and managers along the Kenai River to help them minimize damage to river resources.

The study recommendations identified are to: 1) initiate a coordinated, consensual natural resources planning process that involves all affected landowners, resource managers, and the public; 2) initiate a program to compile, maintain, update, publicize, and distribute a reference list of all completed and ongoing studies programs, projects relating to the Kenai River and a free-form text database of all information collected on the Kenai River; 3) perform an analysis that identifies important resource issues that are not being adequately addressed with existing programs; and 4) resolve differences between NRCS criteria used to define excessively rapid movement of wastewater thorough soils and those used by the Alaska Department of Environmental Conservation.

Study products include: Aerial photographs and mylar overlays on which soil and plant communities have been photointerpreted in a corridor 1/4 mile wide along each side of the lower 47 miles of the Kenai River; Field forms describing soil profiles, plant communities, 61 riverbank reaches; a digitized geographic information system database; maps of digitized soil and vegetation polygon boundaries and codes; maps of river reaches; computerized databases of acreages, plot information, and river information; list of plant species; and soil, plant community, and riverbank reach interpretations.

This study was conducted with the cooperation of the U.S. Forest Service, Kenai Soil and Water Conservation district, Kenai Peninsula Borough, Alaska Department of Fish and Game; Alaska Department of Natural Resources; city of Soldotna, and the USDA Natural Resources Conservation Service.

Coeur D'Alene River Cooperative River Basin Study, Idaho. Local citizens and the Kootenai-Shoshone Soil Conservation District requested the assistance of the Natural Resources Conservation Service to determine the levels of sediment entering the Coeur d'Alene River from agriculture, streambanks, and forest lands; study the associated problems of flooding and bedload movement; and develop solutions to improve water quality within the basin.

The study recommendations include reduced use of clear cutting techniques, road removal or rehabilitation, limiting new roads, rehabilitating tributary streams, and limiting boat traffic or protecting streambanks with rock, vegetation, or other methods to control streambank erosion.

The participants in this cooperative study include the U.S. Forest Service, U.S. Geological Survey, U.S. Army Corps of Engineers and USDA Natural Resources Conservation Service.

FLOOD PLAIN MANAGEMENT STUDIES

Mashantucket Pequot Tribe's Lake of Isles Flood Plain Management Study, Connecticut. The purposes of this study are to complete a wetland functions and values assessment and to make recommendations for preserving, enhancing, and protecting the wetland functional values along Lake of Isles Brook upstream of the junction with Main Brook and in the area of the towns of Preston, Ledyard, and North Stonington.

The study provides the beginning of a wetland information base. It identifies, classifies, and evaluates wetlands for 14 functional values. These values are Ecological Integrity; Wildlife Habitat; Finfish Habitat; Educational Potential; Visual/Esthetic Quality; Water-based Recreation; Flood Control; Groundwater Use Potential; Nutrient Retention and Sediment Trapping; Shoreline Anchoring and Dissipation of Erosive Forces; Forestry Potential; Archaeological Potential; Urban Wetland Quality; and Noteworthiness.

The study report describes wetland functions, values, and how to use the information and a Wetland Unit Boundary Map which depicts the division of the Lake of Isles watershed and adjacent areas into 22 wetland units. Also completed were Wetland Field Maps which show the wetlands, historic sites, property, and study boundaries and other cultural information.

The Connecticut Department of Environmental Protection, the Mashantucket Pequot Tribe, and the USDA Natural Resources Conservation Service cooperate in this study.

Holly Grove Flood Plain Management Study, Arkansas. The study purpose was to develop a floodplain management program that will reduce floodwater damage along Dial Creek in the city of Holly Grove in Monroe County.

The study identified: Flood hazard areas subject to inundation from a one percent chance (100-year) and 0.2 percent chance (500-year) flood events associated with the White River; Urban properties and areas subject to inundation; Flood profiles showing depths of floodwaters expected in the flood hazard during flood events; Natural values present on the flood hazard areas, and; a recommended strategy for floodplain management.

Recommendations include continued strict enforcement of zoning ordinances and building codes; continued participation in the national Flood Insurance Program, encouraging floodproofing of floodprone structures; encouraging construction of new homes and businesses on areas not subject to inundation in flood hazard area; restoring and maintaining the creek's channel by removing sediment, dead trees and other debris; replacement of bridges that have minimum capacities of 500 cubic feet per second, and development of a 50-foot buffer strip along the creek channel to filter water entering the stream from adjacent banks.

The city of Holly Grove, Monroe County Conservation Commission, and the USDA Natural Resources Conservation Service cooperate in this study.

NATURAL RESOURCES CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Great Plains Conservation Program

For necessary expenses to carry into effect a program of conservation in the Great Plains area, pursuant to section 16(b) of the Soil Conservation and Domestic Allotment Act, as added by the Act of August 7, 1956, as amended (16 U.S.C. 590p(b)), [\$15,172,000] \$11,000,000, to remain available until expended (16 U.S.C. 590p(b)(7)).

Great Plains Conservation Program

Appropriation Act, 1995.....	\$15,172,000
Budget Estimate, 1996.....	<u>11,000,000</u>
Decrease in Appropriation.....	<u>- \$4,172,000</u>

SUMMARY OF INCREASES AND DECREASES
(on basis of appropriation)

<u>Item of Change</u>	<u>1995</u> <u>Estimated</u>	<u>Program</u> <u>Changes</u>	<u>Pay Cost</u>	<u>Other</u> <u>Changes</u>	<u>1996</u> <u>Estimated</u>
Great Plains Conservation Program:					
1. Cost-sharing assistance.	\$6,060,000	-\$4,060,000	--	--	\$2,000,000
2. Cost-share program and contract administration	2,916,000	-36,000	--	--	2,880,000
3. Technical assistance....	6,196,000	-76,000	--	--	6,120,000
TOTAL AVAILABLE.....	<u>\$15,172,000</u>	<u>-\$4,172,000</u>	<u>--</u>	<u>--</u>	<u>\$11,000,000</u>

PROJECT STATEMENT
(On basis of appropriation)

<u>Project</u>	<u>1994</u> <u>Amount</u>	<u>1994</u> <u>:Staff:</u> <u>:Years:</u>	<u>1995 estimated</u> <u>:Staff:</u> <u>:Years:</u>	<u>1995 estimated</u> <u>:Staff:</u> <u>:Years:</u>	<u>Increase</u> <u>or</u> <u>Decrease</u>	<u>1996 estimated</u> <u>:Staff:</u> <u>:Years:</u>
Great Plains Conservation Program:	:	:	:	:	:	:
1. Cost-sharing assistance.....	\$16,365,000:	--:	\$6,060,000:	--:	-\$4,060,000	\$2,000,000: --
2. Cost-share program and contract administration....	2,974,000:	52:	2,916,000:	50:	-36,000	2,880,000: 49
3. Technical assistance.....	6,319,000:	109:	6,196,000:	106:	-76,000	6,120,000: 103
Total Appropriation...	<u>\$25,658,000:</u>	<u>161:</u>	<u>\$15,172,000:</u>	<u>156:</u>	<u>-\$4,172,000(1):</u>	<u>\$11,000,000: 152</u>

PROJECT STATEMENT
(On basis of available funds)

<u>Project</u>	<u>1994</u> <u>Amount</u>	<u>1994</u> <u>:Staff:</u> <u>:Years:</u>	<u>1995 estimated</u> <u>:Staff:</u> <u>:Years:</u>	<u>1995 estimated</u> <u>:Staff:</u> <u>:Years:</u>	<u>Increase</u> <u>or</u> <u>Decrease</u>	<u>1996 estimated</u> <u>:Staff:</u> <u>:Years:</u>
Direct obligations:	:	:	:	:	:	:
Great Plains Conservation Program:	:	:	:	:	:	:
1. Cost-sharing assistance.....	\$16,216,744:	--:	\$6,231,184:	--:	-\$4,231,184	\$2,000,000: --
2. Cost-share program and contract administration....	3,039,521:	52:	2,916,000:	50:	-36,000	2,880,000: 49
3. Technical assistance.....	6,458,981:	109:	6,196,000:	106:	-76,000	6,120,000: 103
Total direct oblig....	<u>25,715,246:</u>	<u>161:</u>	<u>15,343,184:</u>	<u>156:</u>	<u>-4,343,184:</u>	<u>11,000,000: 152</u>
Unobligated balance brought forward.....	(-228,430)	(--)	(-171,184)	(--)	(+171,184)	(--)(--)
Unobligated balance carried forward.....	(+171,184)	(--)	(--)	(--)	(--)	(--)(--)
Adjusted appropriation	<u>(25,658,000)</u>	<u>(161)</u>	<u>(15,172,000)</u>	<u>(156)</u>	<u>(-4,172,000)</u>	<u>(11,000,000)</u>
Reimbursable oblig....	4,275:	--:	20,000:	--:	--:	20,000: --
Obligational authority	<u>\$25,719,521:</u>	<u>161:</u>	<u>\$15,363,184:</u>	<u>156:</u>	<u>-\$4,343,184:</u>	<u>\$11,020,000: 152</u>

SOURCES OF REIMBURSEMENTS

Project	1994 Actual	1995 Estimated	Increase or Decrease	1996 Estimated
Federal Sources.....	--	\$16,000	--	\$16,000
Other Non-Federal Sources.....	4,275	4,000	--	4,000
Total reimbursements.....	\$4,275	\$20,000	--	\$20,000

OUTLAYS

Project	1994 Actual	1995 Estimated	Increase or Decrease	1996 Estimated
Great Plains Conservation Program:				
1. Cost-sharing assistance.....	\$16,830,925	\$14,149,000	-\$481,000	\$13,668,000
2. Cost-share program and contract administration.....	2,887,904	3,024,000	-141,000	2,883,000
3. Technical assistance.....	6,136,795	6,426,000	-300,000	6,126,000
Total Outlays.....	\$25,855,624	\$23,599,000	-\$922,000	\$22,677,000

PROGRAM RESULTS

	FY 1994: Actual	FY 1995: Estimate	FY 1996: Estimate
Active Contracts - beginning of year.....	6,761	7,419	6,799
New Contracts signed.....	1,166	380	100
Contracts Completed and Terminated.....	71,774	72,154	72,254
Active Contracts - end of year.....	-508	-1,000	-1,000
	64,227	65,227	66,227
Active applications on hand beginning of year	2,599	2,281	2,000
Active applications on hand end of year.....	2,281	2,000	1,800
Number of participants serviced.....	7,927	7,799	6,899
Acres in new contracts (1,000).....	3,050	1,117	294
Acres treated (1,000)	156,990	158,107	158,401

JUSTIFICATION OF DECREASE

- (1) A decrease of \$4,172,000 for the Great Plains Conservation Program consisting of:

In support of the Secretary's streamlining efforts and the President's Executive Order mandating a reduction in Federal employment, NRCS is reducing employment in this program by an additional 4 staff years (-2.6%) in FY 1996.

Cost-sharing assistance available for new contracting will be reduced to about 33 percent of the 1995 program level. An estimated 100 new contracts focussing on water quality concerns would be signed. Technical assistance will continue to complete the installation of conservation practices included under active GPCP contracts signed in prior years.

Natural Resources Conservation Service
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS
1994 and Estimated 1995 and 1996
GREAT PLAINS CONSERVATION PROGRAM

	1994		1995		1996	
	<u>AMOUNT</u>	<u>STAFF YEARS</u>	<u>AMOUNT</u>	<u>STAFF YEARS</u>	<u>AMOUNT</u>	<u>STAFF YEARS</u>
COLORADO.....	\$2,029,860	14	\$1,186,590	14	\$845,860	14
KANSAS.....	2,444,445	16	1,513,800	16	1,060,650	15
MONTANA.....	2,322,690	15	1,261,070	15	847,820	15
NEBRASKA.....	2,439,999	14	1,385,640	14	970,290	14
NEW MEXICO.....	1,345,340	7	798,660	7	535,740	6
NORTH DAKOTA.....	2,037,993	13	1,184,140	12	807,820	12
OKLAHOMA.....	1,969,522	10	1,188,730	10	776,700	10
SOUTH DAKOTA.....	2,234,994	17	1,386,070	17	1,006,350	16
TEXAS.....	6,003,555	36	3,408,490	35	2,438,070	34
WYOMING.....	1,700,997	10	962,990	10	661,670	10
FORT WORTH NTC...	88,935	2	0	0	0	0
LINCOLN NTC.....	24,999	0	0	0	0	0
PORTLAND NTC.....	52,929	1	0	0	0	0
NATIONAL HDQTRS..	1,018,988	6	1,067,004	6	1,049,030	6
Total available or estimate.....	<u>\$25,715,246</u>	<u>161</u>	<u>\$15,343,184</u>	<u>156</u>	<u>\$11,000,000</u>	<u>152</u>

GREAT PLAINS CONSERVATION PROGRAM

STATUS OF PROGRAM

CURRENT ACTIVITIES: The Great Plains Conservation Program, authorized by Public Law 96-263, provides assistance, under long-term contracts, to land users in 556 designated counties of the 10 Great Plains States. It is designed to provide needed protection and improvement of soil, water, plant, and wildlife resources of the unique Plains area, which is plagued with recurring drought, and severe erosion from wind and water. Selection of suitable land uses and installation of complete conservation treatment and management systems on farms and ranches in the area are made through reduction of wind and water erosion, abatement of agriculture related pollution and water conservation measures.

PROGRAM ASSIGNMENTS

The Natural Resources Conservation Service has responsibility for administration of the Great Plains Conservation Program. State and county program committees participate in program development and coordination of activities. The Consolidated Farm Service Agency (CFSA) certifies that cost-share payments are not duplicates of payments made under programs administered by CFSA and searches the claim control record to determine whether amounts due to the Federal Government should be set off against cost-share payments and that participants are not in violation of FACT Act highly erodible land and wetland conservation provisions.

PROGRAM, ADMINISTRATIVE, AND TECHNICAL ASSISTANCE

Technical services of soil and range conservationists, engineers, agronomists and other agricultural specialists are provided to help install sound conservation programs adapted to each farm or ranch. These services include:

(a) Cost-share program and contract administration. This includes: overall program direction and administration; technical assistance for processing applications for program participation; development of average costs; determining cost-share obligations; preparing contracts; and contract administration to ensure that contract provisions are met. Contracts are based on conservation plans of operations which outline resource management systems by land use.

(b) Technical assistance to help install planned conservation practices. Farmers and ranchers contract to complete their plan of conservation operations as scheduled. Assistance in practice installation is provided when needed for site selection, topographic surveys, detailed designs, practice layout, and completion. Technical assistance is also furnished to help cooperators perform required, noncost-shared management features such as planned grazing systems, irrigation water management, and crop residue management on cultivated land.

SCS installation services are committed for contracted practices during the duration of the contract which runs from 3 to 10 years. Technical assistance is made available to help install practices scheduled for installation by local staffs at each field office. In 1994, 109 staff-years were used for technical services.

COST-SHARING ASSISTANCE

Cost-share payments normally vary from 25 to 80 percent of the costs incurred by program participants for installation of eligible conservation practices. The average federal cost for applying conservation work in a contract is 38 percent. Financial assistance enables cooperators to install conservation practices in the proper sequence as scheduled in long term contracts. Determination of a county's eligibility for participation in the program is based on conservation needs and interests of local people. The physical factors for consideration include susceptibility of the land to serious soil erosion, and the need for changes in land use, cropping systems, and grassland management. The responsibility for determining local interest in the program rests with the State Conservationist. At the end of

FY 1994, the following characterizes program participation and shows number and acres of active contracts by State:

State	Designated Counties	Active Contracts 9/30/94 Number	Acres	FY 94 Actual Cost-sharing Payments	Total Direct Obligations	Staff Yrs.
Colorado.....	38	677	1,838,600	\$1,502,154	\$2,029,860	14
Kansas.....	62	1,371	718,995	2,276,189	2,444,445	16
Montana.....	46	511	3,020,466	1,346,314	2,322,690	15
Nebraska.....	65	523	1,692,981	1,560,059	2,439,999	14
New Mexico.....	27	233	3,698,456	843,605	1,345,340	7
North Dakota....	48	751	1,342,350	1,019,288	2,037,993	13
Oklahoma.....	44	668	541,144	1,721,946	1,969,522	10
South Dakota....	51	698	2,241,764	1,181,207	2,234,994	17
Texas.....	156	1,637	3,591,554	4,594,552	6,003,555	36
Wyoming.....	19	350	3,119,145	785,610	1,700,997	10
National Techni- cal Centers... 1/	--	--	--	--	166,863	3
National Hdqtrs.	--	--	--	--	1,018,988	6
Total GPCP.....	556	7,419	21,805,455	\$16,830,925	\$25,715,246	161

1/ Includes management, program, and technical guidance provided through National Technical Centers as follows:

Lincoln, Nebraska....	\$24,999
Fort Worth, Texas....	88,935
Portland, Oregon.....	52,929

Farms and ranches under contract at the end of FY 1994 average 2,939 acres in size and obligate a total of \$42,032,110 in cost-share. A total of 156,990,441 acres have been included in cost-share contracts since the program began.

CONSERVATION ACCOMPLISHMENTS

The following information identifies how the 1994 cost share funds were obligated by land use and by problem level within each land use. The land in the severe problem category is expected to be in the moderate or slight problem category at the end of the contract.

LAND USE		SEVERE	MODERATE	SLIGHT	TOTAL
Rangeland.....	Acres	619,662	1,080,200	428,428	2,128,290
	Obligations	\$3,143,443	\$4,148,217	\$571,662	\$7,863,322
Non-irrigated	Acres	163,851	171,952	91,723	427,526
Pastureland....	Obligations	\$692,692	\$812,868	\$218,228	\$1,723,788
Irrigated					
Cropland &	Acres	35,350	40,503	16,649	92,502
Pastureland....	Obligations	\$536,285	\$491,148	\$72,751	\$1,100,184
Non-irrigated	Acres	236,918	231,849	121,081	589,848
Cropland.....	Obligations	\$2,463,062	\$925,303	\$275,248	\$3,663,613
Convert cropland	Acres	30,905	15,320	19,662	65,887
to grassland....	Obligations	\$611,424	\$451,577	\$37,693	\$1,100,694
Other.....	Acres	23,638	33,438	30,907	87,983
	Obligations	\$283,415	\$217,840	\$161,234	\$662,489
TOTAL.....	Acres	1,110,324	1,573,262	708,450	3,392,036
	Obligations	\$7,730,321	\$7,046,953	\$1,336,816	\$16,114,090

Problem categories are defined as follows:

Slight Problem - The operating unit has very few or minor conservation treatment needs and can be adequately protected from resource degradation by appropriate management measures and techniques. Land already treated would fall in this category and would have to be included in the contract even if only maintenance would be needed.

Moderate Problem - The operating unit has fragile features and is susceptible to degradation from climatic and other hazards. It is in need of conservation treatment. Productive use of the unit can be accomplished and maintained through a combination of management and enduring (usually cost-shared) treatment measures.

Severe Problem - The operating unit has high susceptibility to degradation and deterioration and has high need for conservation treatment. Although productive use of the resource may or may not be advisable, it can be adequately protected through extensive management of the fragile resource combined with enduring conservation treatment measures.

WIND EROSION CONDITIONS IN THE GREAT PLAINS For the 1993-1994 Wind Erosion Season

Wind erosion reports submitted from 541 counties in which wind erosion was prevalent during the 1993-1994 season, showed that total land damage this year is 4.7 million acres and is 0.9 million acres (17 percent) below the 38 year average.

The Northern Plains reported 2.1 million acres damaged, slightly below the 38 year average. Land damaged in the Southern Plains (2.6 million acres) was 26 percent below average.

The 541 counties reporting indicated that of the total land reported damaged, 89 percent (4.2 million acres) was cropland.

Crops or cover were destroyed on 461,000 acres of land (45 percent below average).

Land reported in condition to blow was 15.7 million acres (43 percent above the average of 11.1 million acres).

Land operators responded to potential wind damage by applying emergency tillage measures on 3.4 million acres (17 percent above average).

NATURAL RESOURCES CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Resource Conservation and Development

For necessary expenses in planning and carrying out projects for resource conservation and development and for sound land use pursuant to the provisions of section 32(e) of title III of the Bankhead-Jones Farm Tenant Act, as amended (7 U.S.C. 1010-1011; 76 Stat. 607), and the provisions of the Act of April 27, 1935 (16 U.S.C. 590a-f), and the provisions of the Agriculture and Food Act of 1981 (16 U.S.C. 3451-3461), [\$32,845,000] \$28,900,000, to remain available until expended (7 U.S.C. 2209): Provided, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$50,000 shall be available for employment under 5 U.S.C. 3109.

Resource Conservation and Development

Appropriation Act, 1995.....	\$32,845,000
Budget Request, 1996.....	28,900,000
Decrease in Appropriation.....	<u>-\$ 3,945,000</u>

SUMMARY OF INCREASES AND DECREASES

(on basis of appropriation)

Item of Change	1995 Estimated	Program Changes	Pay Cost	Other Changes	1996 Estimated
Resource Conservation and Development:					
1. Technical assistance	\$30,321,000	-\$1,909,000	+\$396,000	+\$32,000	\$28,840,000
2. Financial assistance	2,464,000	-2,464,000	--	--	--
3. Loan services.....	60,000	--	--	--	60,000
TOTAL AVAILABLE.....	<u>\$32,845,000</u>	<u>-\$4,373,000</u>	<u>+\$396,000</u>	<u>+\$32,000</u>	<u>\$28,900,000</u>

PROJECT STATEMENT

(On basis of appropriation)

Project	1994 Amount	1994 :Staff: :Years:	1995 estimated Amount	1995 estimated :Staff: :Years:	Increase or Decrease	1996 estimated Amount	1996 estimated :Staff: :Years:
Resource Conservation and Development:							
1. Technical assistance.....	\$29,772,200	: 505 :	\$30,321,000	: 474 :	-\$1,481,000	\$28,840,000	: 439 :
2. Financial assistance.....	3,112,800	: -- :	2,464,000	: -- :	-2,464,000	--	: -- :
3. Loan services.....	60,000	: 2 :	60,000	: 2 :	--	60,000	: 2 :
Total available.....	<u>\$32,945,000</u>	<u>: 507 :</u>	<u>\$32,845,000</u>	<u>: 476 :</u>	<u>-\$3,945,000(1)</u>	<u>\$28,900,000</u>	<u>: 441 :</u>

PROJECT STATEMENT

(On basis of available funds)

Project	1994 Amount	1994 :Staff: :Years:	1995 estimated Amount	1995 estimated :Staff: :Years:	Increase or Decrease	1996 estimated Amount	1996 estimated :Staff: :Years:
Resource Conservation and Development:							
1. Technical assistance.....	\$31,472,850	: 505 :	\$30,385,000	: 474 :	-\$1,545,000	\$28,840,000	: 439 :
2. Financial assistance.....	2,401,326	: -- :	3,708,626	: -- :	-3,708,626	--	: -- :
3. Loan services.....	60,000	: 2 :	60,000	: 2 :	--	60,000	: 2 :
Total direct oblig..	<u>\$33,934,176</u>	<u>: 507 :</u>	<u>\$34,153,626</u>	<u>: 476 :</u>	<u>-\$5,253,626</u>	<u>\$28,900,000</u>	<u>: 441 :</u>
Unobligated balance brought forward....	(-2,297,802)	: -- :	(-1,308,626)	: -- :	(+1,308,626)	--	: -- :
Unobligated balance carried forward....	(+1,308,626)	: -- :	--	: -- :	--	--	: -- :
Appropriation total	<u>(32,945,000)</u>	<u>: (507) :</u>	<u>(32,845,000)</u>	<u>: (476) :</u>	<u>(-3,945,000)</u>	<u>(28,900,000)</u>	<u>: (441) :</u>
Reimbursable oblig:							
Resource Conservation and Development:							
(a) Technical assistance.....	387,231	: 1 :	316,000	: 1 :	+84,000	400,000	: 1 :
(b) Financial assistance.....	-73,154	: -- :	684,000	: -- :	-684,000	--	: -- :
Total reimbursable obligations.....	<u>314,077</u>	<u>: 1 :</u>	<u>1,000,000</u>	<u>: 1 :</u>	<u>-600,000</u>	<u>400,000</u>	<u>: 1 :</u>
Obligational authority.....	<u>\$34,248,253</u>	<u>: 508 :</u>	<u>\$35,153,626</u>	<u>: 477 :</u>	<u>-\$5,853,626</u>	<u>\$29,300,000</u>	<u>: 442 :</u>

SOURCES OF REIMBURSEMENTS

Project	1994 Actual	1995 Estimated	Increase or Decrease	1996 Estimated
Federal Sources.....	\$28,860	\$ 200,000	--	\$200,000
Non-Federal Sources....	285,217	800,000	--	200,000
Total Reimbursements...	<u>\$314,077</u>	<u>\$1,000,000</u>	<u>--</u>	<u>\$400,000</u>

OUTLAYS

Project	1994 Actual	1995 Estimated	Increase or Decrease	1996 Estimated
Resource Conservation and Development:				
(a) Technical assistance.....	\$27,822,072	\$29,200,000	-\$182,000	\$29,018,000
(b) Financial assistance.....	6,694,000	3,566,000	-2,010,000	1,556,000
(c) Loan services....	60,000	60,000	--	60,000
Total Outlays.....	<u>\$34,576,072</u>	<u>\$32,826,000</u>	<u>-\$2,192,000</u>	<u>\$30,634,000</u>

JUSTIFICATION OF INCREASES AND DECREASES

- (1) A decrease of \$3,945,000 for the Resource Conservation and Development Program consisting of:

- (a) An increase of \$396,000 for the Resource Conservation and Development program for a general pay raise anticipated for fiscal year 1996.
- (b) An increase of \$207,000 for the anticipated 3.0 percent increase in nonpay support costs associated with program operations in fiscal year 1996.
- (c) A decrease of \$175,000 for administrative efficiency.

In order to achieve these savings, NRCS will reduce discretionary expenses in the Resource Conservation and Development Program by \$175,000 in FY 1996, in areas such as travel, transportation of things, rent and communications, miscellaneous services, and supplies. These cost decreases will be achieved through reinvention/reorganization process already well underway. There would be no significant impact on the program operations as long as the agency is funded for the uncontrollable FY 1996 increased pay and inflationary costs.

- (d) A decrease of \$1,909,000 in technical assistance base program.

This decrease is part of a reduction to meet overall USDA budget and spending targets. NRCS has refocused the RC&D program by placing additional emphasis on development of local capability to operate and maintain the RC&D council planning and implementation process and in seeking technical and financial assistance from all Federal, state and local sources.

The decrease will require the elimination of 35 FTE and will be applied to salaries, benefits and related support costs. In FY 1996, the RC&D program would be reduced by not authorizing any new areas, not filling vacancies that occur, reassigning employees needed to meet this reduction, and totally eliminating financial assistance. Funding would be distributed to provide either a full or part-time RC&D coordinator and support staff in the currently authorized areas.

(e) A decrease of \$2,464,000 in the financial assistance base program.

This decrease is part of a reduction to meet overall USDA budget and spending targets.

The decrease will eliminate financial assistance funding provided to local sponsors. These funds are used to install cost-shared conservation measures.

MAIN WORKLOAD FACTORS

	1994 Actual	1995 Estimate	1996 Estimate
<u>Status of Authorized RC&D Areas:</u>			
Areas authorized start of year.....	250	275	285
Areas Deauthorized in year.....	--	--	--
New areas authorized in year.....	25	10	--
Areas authorized end of year.....	275	275	285
Applications on hand.....	(60)	(70)	(100)

RC&D Project Activity:

<u>Project Plans:</u>				
Adopted	During year..	2,712	2,750	2,750
	Cumulative...	49,196	51,946	54,696
Written	During year..	675	1,040	1,040
	Cumulative...	34,476	35,516	36,656
<u>Projects Underway:</u>				
In Construction	During year..	1,650	1,653	1,653
Completed	During year..	1,984	2,050	2,050
	Cumulative...	32,425	34,475	36,525

Input of Resources to Projects(\$ in 1,000's):

(Resources provided for accomplishing completed projects. Includes direct technical and financial assistance attributable to a project.)

-- RC&D resources....	During year..	\$ 7,594	\$ 4,100	\$ 4,100
-- Other federal.....	During year..	\$27,544	\$18,200	\$18,200
-- State government..	During year..	\$26,890	\$13,500	\$13,500
-- Local government..	During year..	\$16,638	\$ 7,300	\$ 7,300
-- Non-government....	During year..	\$28,408	\$17,700	\$17,700
-- Ratio of RC&D funds to other funding:	During year..	1:13	1:14	1:14

Loan Services Assistance: Funds are provided to the Consolidated Farm Service Agency (CFSA) to service loans made to sponsors from the Agricultural Credit Insurance Fund. Loan services must be provided from Resource Conservation and Development funds because the Agricultural Credit Insurance Fund of the CFSA is not available for such expenses. The workload in FY 1994 consisted of providing loan counseling to help local sponsors arrange funding necessary to implement planned financial assistance measures.

Item	1994		1995		1996	
	No.	Amount	No.	Amount	No.	Amount
1. Loans obligated during year.....	0	0	0	0	0	0
2. Borrowers outstanding	105	\$ 7,423,000	105	\$ 7,423,000	105	\$ 7,423,000
3. Loans cumulative.....	292	\$29,484,709	292	\$29,484,709	292	\$29,484,709

Natural Resources Conservation Service
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS
1994 and Estimated 1995 and 1996
 RESOURCE CONSERVATION AND DEVELOPMENT

	1994		1995		1996	
	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS
ALABAMA.....	\$1,001,810	20	\$964,570	18	\$926,920	18
ALASKA.....	231,954	2	475,070	4	212,590	2
ARIZONA.....	566,000	9	516,920	8	518,740	8
ARKANSAS.....	770,995	13	697,620	10	705,230	11
CALIFORNIA.....	512,002	8	520,920	7	469,250	7
COLORADO.....	678,000	14	620,180	11	621,390	12
CONNECTICUT....	241,002	4	204,700	3	255,110	3
DELAWARE.....	115,948	2	113,650	2	106,270	2
FLORIDA.....	419,001	4	413,120	3	337,090	3
GEORGIA.....	940,026	12	1,085,930	9	826,060	10
HAWAII.....	335,002	6	310,150	5	307,030	5
IDAHO.....	754,429	12	742,530	10	684,150	10
ILLINOIS.....	694,829	13	682,380	11	641,600	11
INDIANA.....	730,415	12	629,910	10	629,450	10
IOWA.....	909,004	17	930,450	16	799,470	15
KANSAS.....	525,054	9	475,690	7	481,210	8
KENTUCKY.....	1,049,236	14	1,112,870	14	696,890	12
LOUISIANA.....	503,936	7	581,610	7	461,860	6
MAINE.....	590,088	10	522,070	9	504,160	9
MARYLAND.....	281,699	5	310,460	5	258,180	4
MASSACHUSETTS..	243,026	4	194,260	3	222,730	3
MICHIGAN.....	740,985	11	741,060	10	688,730	10
MINNESOTA.....	782,602	12	656,540	10	564,570	10
MISSISSIPPI....	603,868	11	767,100	10	548,410	10
MISSOURI.....	875,000	15	736,050	12	801,480	13
MONTANA.....	662,003	11	603,810	9	606,730	10
NEBRASKA.....	498,098	8	526,920	8	403,340	7
NEVADA.....	113,513	2	143,770	2	99,450	2
NEW HAMPSHIRE..	128,000	1	103,380	1	108,150	1
NEW JERSEY....	247,966	5	228,410	4	227,260	4
NEW MEXICO.....	1,026,625	13	811,910	10	861,350	11
NEW YORK.....	564,278	10	552,520	9	516,700	9
NORTH CAROLINA..	841,825	14	832,930	13	675,300	13
NORTH DAKOTA...	1,084,870	12	825,260	9	649,710	10
OHIO.....	791,005	14	723,600	11	724,960	12
OKLAHOMA.....	1,063,514	15	823,980	11	807,440	13
OREGON.....	487,077	8	419,500	7	404,340	7
PACIFIC BASIN..	109,002	2	114,670	2	99,900	2
PENNSYLVANIA...	769,293	14	727,530	10	700,650	12
PUERTO RICO....	344,180	6	311,070	5	321,950	5
RHODE ISLAND...	120,001	2	103,380	2	109,980	2
SOUTH CAROLINA..	565,871	9	602,930	7	467,440	8
SOUTH DAKOTA...	537,996	7	649,820	8	431,770	6
TENNESSEE.....	626,844	11	668,580	11	529,770	11
TEXAS.....	1,466,409	16	1,447,300	19	919,990	15
UTAH.....	561,316	10	548,440	11	311,380	9
VERMONT.....	323,798	4	229,560	3	207,040	3
VIRGINIA.....	517,888	8	537,530	8	474,650	7
WASHINGTON.....	507,996	6	413,120	3	465,580	5
WEST VIRGINIA..	665,338	10	829,170	9	554,980	9
WISCONSIN.....	446,380	6	431,670	5	409,110	5
WYOMING.....	396,933	5	495,490	4	370,270	4
CHESTER NTC....	60,058	1	102,970	2	55,040	1
FORT WORTH NTC.	197,802	4	3,684,596	55	181,290	3
LINCOLN NTC....	140,001	2	0	0	128,310	2
PORTLAND NTC...	79,644	1	0	0	72,990	1
NATIONL HDQTRS.	2,407,428	20	0	0	2,206,420	16
CFSA.....	60,000	2	60,000	2	54,990	2
FOREST SERVICE.	516,313	2	594,000	2	473,200	2
Total Available or Estimate...	\$34,025,176	507	\$34,153,626	476	\$28,900,000	441

RESOURCE CONSERVATION AND DEVELOPMENT

STATUS OF PROGRAM

The Resource Conservation and Development (RC&D) Program began in February 1964 under authority of Section 102 of the Food and Agriculture Act of 1962 (Public Law 87-703) and other Departmental authorities. These authorities have been replaced by Sections 1528-1538 of the Agriculture and Food Act of 1981 which authorized a program to assist local and State efforts in Resource conservation and development. The Food, Agriculture, Conservation and Trade Act of 1990 reauthorizes the program through FY 1995.

Program administration is provided by the Natural Resources Conservation Service (NRCS). Assistance is provided to RC&D sponsors as authorized by the Secretary of Agriculture. RC&D sponsors, State and local units of government, and nonprofit organizations initiate and direct the planning process, develop and maintain an RC&D area plan, and carry out activities to implement their area plan.

Department of Agriculture agencies provide technical, financial, and loan assistance to local sponsors. Sponsors also seek the help of local, State, and other Federal agencies and private organizations that can assist them in areawide planning and in carrying out activities to implement plans.

Program Objectives: As stated in the Agriculture and Food Act of 1981, The RC&D program is to encourage and improve the capability of State and local units of government and local nonprofit organizations in rural areas to plan, develop and carry out programs for Resource conservation and development. The program also establishes or improves the coordination systems used in rural communities to effectively utilize available Federal, State, and local programs. Each RC&D area has a council made up of local sponsors to develop and implement the priorities needed to conserve and improve the use of land, develop natural Resources, and enhance the social, economic, and environmental conditions in their rural area.

Program Operations: The 1990 Food, Agriculture and Trade Act limits assistance to not more than 450 active designated areas. At the present time there are 277 authorized areas, and 48 applications on file for new areas which desire to become involved in the program.

Status of Resource Conservation and Development Program
as of September 30, 1994

State	Area Applications on Hand			Areas Authorized for Assistance		
	No.	Acres	Countries Involved	No.	Acres	Countries Involved
Alabama	—	—	—	9	32,898,231	67
Alaska	2	24,320,000	2	5	119,404,000	12
Arizona	—	—	—	5	73,907,110	16
Arkansas	—	—	—	7	33,314,813	75
California	—	—	—	5	36,620,501	18
Caribbean Area	1	520,555	1	3	1,665,883	8
Colorado	—	—	—	6	48,325,505	41
Connecticut	—	—	—	2	3,127,056	8
Delaware	—	—	—	1	1,265,920	3
Florida	—	—	—	4	16,186,870	31
Georgia	1	2,144,400	9	10	24,501,048	102
Hawaii	—	—	—	3	3,699,685	3
Idaho	1	3,758,800	4	7	53,213,149	36
Illinois	2	3,573,090	12	6	17,198,983	51
Indiana	1	1,447,424	6	6	12,302,254	49
Iowa	1	1,611,520	5	9	18,504,280	52
Kansas	1	5,119,540	8	5	14,370,180	33

**Status of Resource Conservation and Development Program
as of September 30, 1994**

State	Area Applications on Hand			Areas Authorized for Assistance		
	No.	Acres	Counties Involved	No.	Acres	Counties Involved
Kentucky	3	3,829,267	22	10	19,463,549	85
Louisiana	--	--	--	5	21,384,584	45
Maine	--	--	--	5	19,106,313	16
Maryland	--	--	--	3	4,540,502	17
Massachusetts	--	--	--	2	3,988,405	10
Michigan	--	--	--	7	32,271,415	71
Minnesota	1	3,369,020	9	6	32,235,394	54
Mississippi	--	--	--	6	33,084,754	82
Missouri	3	4,729,287	23	7	24,313,435	58
Montana	1	18,849,492	10	6	59,529,675	39
Nebraska	4	10,672,062	30	5	28,201,750	40
Nevada	--	144,820	1/	1	6,019,607	5
New Hampshire	1	2,710,000	6	1	3,161,374	4
New Jersey	--	--	--	2	4,416,936	17
New Mexico	--	--	--	8	84,320,670	33
New York	2	3,023,044	11	5	21,628,608	36
North Carolina	1	1,288,916	5	8	15,224,776	48
North Dakota	--	--	--	8	44,405,257	53
Ohio	2	5,572,040	18	7	20,425,737	68
Oklahoma	1	6,976,534	8	8	36,378,176	67
Oregon	--	--	--	4	25,601,577	21
Pacific Basin	--	--	--	1	896,000	2
Pennsylvania	2	4,225,826	12	7	23,057,675	50
Rhode Island	--	--	--	1	677,120	5
South Carolina	1	1,757,800	5	5	15,258,980	36
South Dakota	2	12,305,072	8	6	35,186,978	36
Tennessee	1	1,318,428	4	6	12,799,491	51
Texas	9	69,719,098	85	14	88,387,433	154
Utah	2	9,617,981	8	5	46,403,945	25
Vermont	--	--	--	2	6,107,890	14
Virginia	--	--	--	5	9,568,262	39
Washington	1	4,922,400	4	4	19,123,520	13
West Virginia	--	--	--	6	15,477,529	55
Wisconsin	--	--	--	4	23,570,598	41
Wyoming	1	8,550,400	2	4	54,696,653	21
TOTALS	48	216,076,816	318	277	1,401,420,036	2,016

1/ Part of Idaho application.

For multistate applications and areas in the above table the number is tabulated for the states having leadership. The "Acreage" column reflects actual acreage in each state covered by the applications or areas. The "Counties Involved" column reflects whole and parts of counties in the state in which they are located and not in the state that has leadership.

For states having portions of counties in more than one approved RC&D area, or on file as an application, the "Counties Involved" column reflects no duplication. The typical RC&D area has 17 sponsors including six county governments, seven soil and water conservation districts, two cities, a substate district and one other organization. This group of sponsors operates by having each sponsor designate a representative to serve on the RC&D council. The council, with assistance from the RC&D Coordinator and other agency representatives, carries out the coordinating function to make effective use of all financial and technical Resources available in the area.

RC&D area planning focuses on a determination of the area's problems and needs, setting objectives and goals and alleviating these problems through local citizen leadership and participation. The process is concerned with land conservation, water management, community development and other elements such as the protection of fish and wildlife habitat.

The planning process results in the development of an "Area Plan" which contains the objectives and goals established by the council and is used to guide a council's efforts in the future. An annual plan of work also is prepared. Each year, each RC&D council goes through a process of evaluation and redefinition of goals to update their plan of action.

Once the area plan is prepared, councils work on implementing their objectives and goals. Measures (or projects) are developed for the strategies needed to reach goals. Measures are made up of a variety of activities carried out under the leadership of the RC&D council with assistance from Federal, State, and local cooperating agencies. Measures are major undertakings, requiring an extensive effort on the part of the council to complete. By completing a number of related measures a council's goal will be met.

Loans Available: Under the Bankhead-Jones Farm Tenant Act, Public Law 75-210, as amended, loans are made to local organizations for financing the local share of the cost of installing approved RC&D measures in authorized RC&D areas. The Rural Development Administration has been assigned responsibility for making these loans to sponsors of NRCS approved projects. Public Law 92-419, approved August 30, 1972, provided for making such loans on an insured basis under the Agricultural Credit Insurance Fund.

These loans may not exceed \$500,000 and are repayable in not more than 30 years at an interest rate based on the average rate paid by the U.S. Treasury on obligations of similar maturity. During FY 1994, there were no active pre-applications nor applications. The rate for 1994 was 9.319 percent. As of December 1, 1994, the rate for new borrowers was 9.319 percent. As of September 30, 1994 there were 99 outstanding loans. The present unpaid principal is \$6.5 million. The workload in FY 1994 consisted of assisting borrowers and providing loan counseling to help local sponsors arrange funding necessary to implement planned financial assistance measures.

Program Assignments: Administrative leadership for this Program is assigned to the Natural Resource Conservation Service. USDA area planning assistance as well as technical assistance for implementing the plan is provided by the Natural Resource Conservation Service and Forest Service. The Forest Service provides assistance to councils and their Resource committees as requested by individual councils. This is accomplished through state forestry agencies. In FY 1994 the Forest Service obligated \$516,313 in carrying out 233 measures. The Cooperative State Research, Education Extension Service provides arrangements for the State Cooperative Extension Service in selected RC&D areas to provide educational assistance to meet sponsors' special needs.

In addition, other USDA agencies and agencies from other departments provide assistance to RC&D sponsors within their existing authorities and programs on an "as needed" basis. State and local units of government and their agencies also participate. Thus, RC&D activities are broader than those created by assistance from this Department alone. An indication of the level of participation by USDA agencies in 1994 is as follows:

	<u>Technical Assistance</u>		<u>Financial</u>	
	<u>Net</u>	<u>Staff-</u>	<u>Assistance</u>	<u>Total Net</u>
	<u>Obligations</u>	<u>Years</u>	<u>Obligations</u>	<u>Obligations</u>
1994 Actual:				
NRCS.....	\$30,956,533	503	\$2,401,330	\$33,357,863
RDA (Loan Ser.).....	60,000	2	--	60,000
FS.....	516,313	2	--	516,313
Total.....	<u>\$31,532,846</u>	<u>507</u>	<u>2,401,330</u>	<u>33,934,176</u>

TYPES OF ASSISTANCE FURNISHED BY THE DEPARTMENT TO RC&D AREAS

Technical Assistance: Technical assistance was being provided to 250 active authorized RC&D areas as of September 30, 1994. This assistance is in the form of staff days from USDA agencies, or is donated or purchased from other sources, to carry out the objectives and goals of a council. This includes help in carrying out studies to identify problems, needs, and the importance and availability of natural Resources in the area. The NRCS and other cooperating USDA agencies provide technical assistance which includes providing soils information, farm market analyses, wood utilization studies, and assistance needed by the sponsors to plan, layout and supervise installation of works of improvement described below in "Financial Assistance." Technical assistance provides for identifying other sources of assistance, determining probable impacts, and advising RC&D sponsors on actions to be taken.

Coordination and cooperation are essential in the planning process. The main form of technical assistance provided by USDA, through the NRCS, is an RC&D Coordinator to assist sponsors in coordinating activities in the RC&D area plan.

Financial Assistance: Financial assistance is available, on a limited basis, from NRCS to sponsors to implement measures for land conservation, water management, community development and other environmental elements. Sponsors of the measures must provide cost share matching funds. The total technical and financial assistance funds for the Resource Conservation and Development program obligated and equivalent staff-years used in 1994 by State were:

1994 RC&D OBLIGATIONS BY STATE

State	Obligations	Staff Years	State	Obligations	Staff Years
Alabama.....	\$1,001,810	20	New York.....	\$564,278	10
Alaska.....	231,954	2	North Carolina..	841,825	14
Arizona.....	566,000	9	North Dakota....	1,084,870	12
Arkansas.....	770,995	13	Ohio.....	791,005	14
California.....	512,002	8	Oklahoma.....	1,063,514	15
Caribbean Area.	344,180	6	Oregon.....	487,077	8
Colorado.....	678,000	14	Pacific Basin...	109,002	2
Connecticut....	241,002	4	Pennsylvania....	769,293	14
Delaware.....	115,948	2	Rhode Island....	120,001	2
Florida.....	419,001	4	South Carolina..	565,871	9
Georgia.....	940,026	12	South Dakota....	537,996	7
Hawaii.....	335,002	6	Tennessee.....	626,844	11
Idaho.....	754,429	12	Texas.....	1,466,409	16
Illinois.....	694,829	13	Utah.....	561,316	10
Indiana.....	730,415	12	Vermont.....	232,798	4
Iowa.....	909,004	17	Virginia.....	517,888	8
Kansas.....	525,054	9	Washington.....	507,996	6
Kentucky.....	1,049,236	14	West Virginia...	665,338	10
Louisiana.....	503,936	7	Wisconsin.....	446,380	6
Maine.....	590,088	10	Wyoming.....	396,933	5
Maryland.....	281,699	5	National Tech-		
Massachusetts..	243,026	4	nical Centers.	477,505	8
Michigan.....	740,985	11	National Hdqtrs.	<u>2,407,428</u>	<u>20</u>
Minnesota.....	782,602	12	Total, Resource		
Mississippi....	603,868	11	Conservation &		
Missouri.....	875,000	15	Development,		
Montana.....	662,003	11	NRCS.....	33,357,863	503
Nebraska.....	498,098	8	Allocation		
Nevada.....	113,513	2	Accounts.....	<u>576,313</u>	<u>4</u>
New Hampshire..	128,000	1	Total Resource		
New Jersey.....	247,966	5	Conservation &		
New Mexico.....	1,026,625	13	Development...	<u>\$33,934,176</u>	<u>507</u>

Loan Services Assistance: Funds are provided to the Rural Development Administration (RDA) to service loans made to sponsors from the Agricultural Credit Insurance Fund. Loan services must be provided from Resource Conservation and Development funds because the Agricultural Credit Insurance Fund of the RDA is not available for such expenses.

CURRENT PROGRAM STATUS

The RC&D program is responding to management recommendations identified in the program evaluation and councils are placing high priority on the more diversified activities in the area of rural development. It is expected that this emphasis will continue over the next several years.

Program Accomplishments: A total of 1,984 RC&D measures were completed in FY 1994. Of these, none were installed with financial assistance provided through the RC&D program, 1,462 with financial assistance from other sources as well as RC&D, and 522 without any financial assistance (only technical RC&D assistance, see table "National Summary of RC&D Measures.") The policy was changed in FY 1994 and required RC&D financial assistance to have assistance from other sources, therefore, none had just RC&D financial assistance.

Selected Examples of Progress:

Completed measures totaled 1,984 in fiscal year 1994. There are certain types of measures that make up the majority of progress during the year. Fire protection is a concern in rural areas of the country and Resource Conservation and Development areas had 175 measures to provide either dry fire hydrants in rural areas or conduct studies regarding the feasibility and location of dry fire hydrants. These measures were accomplished in 19 states. Dry fire hydrants are a pipe that extends into a creek or lake and has threads that match the intake nozzle of a fire truck's pump. If the dry fire hydrants are used as part of a system that allows a fire department to prove to their state's independent insurance rating group that the fire department can deliver water to a fire anywhere in the rating area with the reliability of a city fire hydrant system, the area's fire rating can be reduced and save rural residents money in reduced insurance premiums.

As new technologies are developed and knowledge is gained, there is a need to convey the knowledge and techniques to rural people. During fiscal year 1994 there were another 84 measures in 27 states to conduct workshops and training sessions. These workshops involved such subjects as showing local officials how wooden timber bridges were constructed and maintained, helping loggers learn to work safely in the woods, teaching rural people leadership techniques to make them more effective leaders in their area, teaching farmers new farm technology such as utilizing "no-till" methods of raising crops and many others.

Water Resources are an important natural Resource as measured by 38 states having Resource Conservation and Development program water Resource measures in addition to the dry hydrants mentioned earlier. Some of the problems to be solved involve rehabilitation of irrigation systems, building flood protection measures, developing systems to allow aquaculture enterprises, and concerns about both surface and sub-surface water supplies.

NATIONAL SUMMARY OF RC&D MEASURES AS OF SEPTEMBER 30, 1994

	<u>ADOPTED</u>		<u>PLANNED</u>		<u>COMPLETED</u>		<u>AMOUNT</u>	
	<u>FY94 TO DATE</u>		<u>FY94 TO DATE</u>		<u>FY94 TO DATE</u>		<u>FY94</u>	<u>TO DATE</u>
Natural Resource								
Improvement.....	238	5,339	59	2,905	215	3,358	\$13,929	\$ 366,399
Community								
Improvement.....	633	6,169	158	3,170	428	3,549	31,440	735,837
Recreation-Tourism	347	4,089	73	1,912	227	2,235	11,527	331,388
Information-								
Education.....	355	2,875	87	1,798	265	1,966	3,468	60,025
Forestry.....	285	3,179	74	1,874	233	2,095	7,139	198,364
Water & Water								
Quality	227	3,832	68	1,853	191	1,988	15,662	315,627
Economic								
Development.....	294	2,856	85	1,549	217	1,742	13,279	364,003
Fish and Wildlife.	54	779	12	425	31	434	1,310	28,932
Marketing and								
Merchandizing..	38	591	15	283	26	263	1,087	7,605
Waste and Waste								
Utilization....	116	1,200	22	421	82	570	2,451	51,418
Other.....	125	18,287	22	15,589	69	14,225	5,782	2,206,433
TOTAL.....	<u>2,712</u>	<u>49,196</u>	<u>675</u>	<u>31,779</u>	<u>1,984</u>	<u>32,425</u>	<u>\$107,074</u>	<u>\$4,666,031</u>

Agricultural Resource Conservation Demonstration Program
 (On basis of loan level, subsidy, and administration expenses)
 (In thousands of dollars)

	<u>Loan Level</u>	<u>Subsidy</u>	<u>Administrative Expenses</u>
Appropriation Act, 1995.....	\$0	\$0	\$0
Budget Estimate, 1996.....	0	0	0
Decrease in Appropriation.....	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

PROJECT STATEMENT
 (On basis of loan level, subsidy, and administration expenses)
 (In thousands of dollars)

<u>Project</u>	<u>1994 Actual</u>	<u>1995 Appropriated</u>	<u>Increase or Decrease</u>	<u>1996 Estimated</u>
Agricultural Resource Conservation Demonstration Program:				
Guaranteed loans.....	\$6,799	\$0	\$0	\$0
Guaranteed loan subsidy.....	3,599	0	0	0
Administrative expenses.....	0	0	0	0

